Longo Group JSC

Unified registration number 42103081417

Condensed Consolidated **Interim Financial Statements**

For the period ended 31.03.2025

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

Unaudited

Latvia, 2025

Contents

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		31.03.2025
	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	01.01.2025 - 31.03.2025	
Previous financial period	01.01.2024 - 31.03.2024	

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

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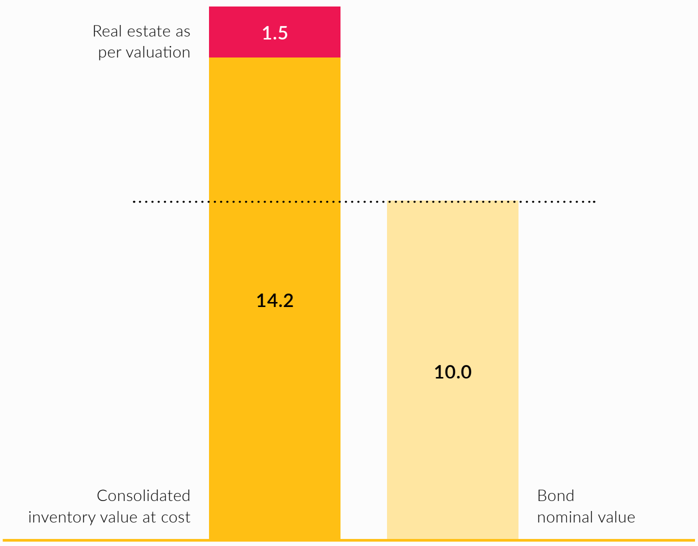
Longo collateral comfortably covers the nominal value of issued secured bonds

Values in M EUR

As of 31 Mar 2025



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Management Report

30 MAY 2025

Business results

Excluding the impact of Estonia, Longo achieved a 5.3% year-over-year increase in the number of vehicles sold during Q1 2025. In total, 855 vehicles were sold during the reporting period, representing an overall decrease of 8.5% compared to Q1 2024, when including the effect of the Estonian market.

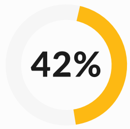
In the first quarter of 2025, Longo Group generated total revenue of EUR 9.2 million, representing a 12.4% decline compared to the same period in 2024. This downturn was primarily driven by a near standstill in the Estonian used car market following the introduction of the new Motor Vehicle Tax Act on January 1, 2025. The legislation introduced both an annual motor vehicle tax and a one-time registration fee, resulting in significantly higher ownership costs. Consequently, consumer demand for both new and used vehicles has temporarily weakened. Since April sales volumes of Estonian entity has been stabilizing, reaching almost 70% of prior period volumes in May. In addition, a lower average selling price per vehicle contributed further to the revenue decline.

The contraction in the Baltic used car market, in part driven by regulatory changes in Estonia, continues to exert downward pressure on overall sales performance of The Group.

Despite the revenue decline, the Group's gross profit margin for the first quarter increased by 0.7 pts year-over-year, reaching 14.5%, resulting in total gross profit of EUR 1.3 million. This improvement was mainly attributable to higher commissions from extended warranty sales and the reversal of a net realizable value (NRV) provision amounting to EUR 150 thousand.

To address current market challenges and support future growth, Longo has placed strategic emphasis on geographic expansion and product diversification. The Group significantly strengthened its presence in Poland, increasing its share of total vehicle sales from 1.9% in 2023 to 11.3% in Q1 2025. It also expanded its retail footprint across the Baltics and diversified its vehicle offering.

Equity ratio
As of 31 Mar 2025



EUR	2025 Q1	2024 Q1
Revenue	9.2 mln	10.5 mln
Gross profit	1.3 mln	1.5 mln
Gross margin	14.5%	13.8%
EBITDA	65 th	7 th
Count of cars sold, #	855	934

The Group's key objective for 2025 is to restore growth momentum by increasing both the number of vehicles sold and total revenue, while improving profitability. Management is also actively pursuing initiatives to enhance gross profit per vehicle sold.

Longo remains committed to its long-term strategic growth plan, focusing on its core operational pillars: procurement, sales, vehicle preparation processes, and effective inventory management. Notable progress was made at the end of 2024 and beginning of 2025 in several strategic pillars of the Group- Inventory was increased by 12% and diversified, as well as 5 new sales locations were opened to widen geographical reach, positioning the Group for expanded sales in year 2025.

Future prospects

The Group has set ambitious targets for 2025 and the years ahead, aiming to return to profitability while driving revenue growth. These goals will be supported by the expanded physical sales network and a broader, more diversified vehicle offering.

"Despite external headwinds, Longo achieved 5.3% year-over-year increase in the number of vehicles sold during Q1 2025, excluding the impact of Estonia - underscoring the strength of our strategy focused on expansion, diversification, and operational excellence."

Edgars Cērps
Group CEO and Co-Founder

Largest used car dealer in the Baltics

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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 March 2025 was 42%. Overall management of the borrowings is driven by monitoring and complying with the lender imposed covenants as well as planning the further borrowing needs to ensure business development of the Group.

Liquidity risk

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

Events after the reporting period

There were no significant events after reporting period.

Signed on behalf of the Group on 30 May 2025 by:

Edgars Cērps
Chairman of the Board

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Consolidated Financial Statements

Consolidated Statement of **Comprehensive Income**

	Notes	01.01.2025-31.03.2025 EUR	01.01.2024-31.03.2024 EUR
Revenues		9 171 497	10 464 676
Cost of sales		(7 843 660)	(9 017 912)
Gross profit		**1 327 837**	**1 446 764**
Selling expenses		(343 058)	(367 253)
Administrative expenses	1	1 183 894	(1 362 619)
Other operating income		14 581	33 537
Other operating expenses		(8 643)	(7 850)
Other income from interest and similar income		2 596	36 184
Interest expenses and similar expenses	2	(338 792)	(241 100)
Net operating expenses		**(1 857 210)**	**(1 909 101)**
Profit/(loss) before tax		**(529 373)**	**(462 337)**
Income tax		12 868	16 919
Net profit/(loss) for the period		**(516 505)**	**(445 418)**
EBITDA		**65 909**	**7 426**
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		**(20 205)**	**(5 260)**
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(536 710)**	**(450 678)**

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

Signed on behalf of the Group on 30 May 2025 by:

Edgars Cērps
Chairman of the Board

Ina Volkova
Responsible Accountant

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Consolidated Statement of **Financial Position**

ASSETS

NON-CURRENT ASSETS	Notes	31.03.2025 EUR	31.12.2024 EUR
Intangible assets			
Intangible assets		1 125 483	1 115 488
Intangible assets development costs		382	581
Total intangible assets		**1 125 865**	**1 116 068**
Tangible assets			
Right-of-use assets		1 595 554	1 645 438
Property and equipment		2 309 489	438 176
Leasehold improvements		72 644	71 774
Construction in progress		29 381	1 750 462
Total tangible assets		**4 007 068**	**3 905 850**
Deferred tax assets		379 846	366 932
Total non-current financial assets		**379 846**	**366 932**
TOTAL NON-CURRENT ASSETS		**5 512 779**	**5 388 851**
CURRENT ASSETS			
Inventories			
Goods for resale and raw materials	3	14 385 050	12 870 451
Work in progress	3	108 616	137 507
Total inventories		**14 493 666**	**13 007 958**
Receivables and other current assets			
Other assets		562 996	762 498
Prepayments to suppliers and similar	4	672 877	858 629
Trade and other receivables		251 489	115 363
Contract assets		2 679	148 399
Total receivables and other current assets		**1 490 041**	**1 884 889**
Short-term financial investments			
Other investments		-	-
Total short-term financial investments		**-**	**-**
Cash and cash equivalents		**723 788**	**2 206 214**
TOTAL CURRENT ASSETS		**16 707 495**	**17 099 061**
TOTAL ASSETS		**22 220 274**	**22 487 912**

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

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Consolidated Statement of **Financial Position**

EQUITY AND LIABILITIES

EQUITY	Notes	31.03.2025 EUR	31.12.2024 EUR
Share capital		13 034 872	13 034 872
Share premium		250 000	250 000
Share-based payment reserve		27 014	27 014
Subordinated debt restructuring reserve		174 962	174 962
Foreign currency translation reserve		(79 572)	(59 367)
Accumulated losses/Retained earnings			
brought forward		(6 499 503)	(5 412 990)
for the period		(516 505)	(1 086 513)
TOTAL EQUITY		**6 391 268**	**6 927 978**

LIABILITIES			
Non-current liabilities			
Loans and borrowings	5	13 347 316	13 345 628
Total non-current liabilities		**13 347 316**	**13 345 628**
Current liabilities			
Loans and borrowings	5	1 090 666	1 075 010
Trade payables		448 541	440 549
Taxes payable		442 608	330 014
Corporate income tax		2 193	2 597
Other liabilities		180 072	89 395
Accrued liabilities		317 610	276 741
Total current liabilities		**2 481 690**	**2 214 306**
TOTAL LIABILITIES		**15 829 006**	**15 559 934**
TOTAL EQUITY AND LIABILITIES		**22 220 274**	**22 487 912**

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Consolidated Statement of
Changes in Equity

	Share capital	Share premium	Foreign currency translation reserve	Other Reserves	Retained earnings / Accumulated loss	Total
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 income	-	-	(63 899)	-	-	**(63 899)**
Total comprehensive income for the period	**-**	**-**	**(63 899)**	**-**	**(1 086 513)**	**(1 150 412)**
Transactions with owners of the Group						
Contributions and distributions						
Issues of ordinary shares	17 814	-	-	(874)	-	**16 940**
Equity-settled share-based payment	-	-	-	15 673	-	**15 673**
Subordinated debt restructuring reserve	-	-	-	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**
Balance at 01.01.2025	**13 034 872**	**250 000**	**(59 367)**	**201 976**	**(6 499 503)**	**6 927 978**
Total comprehensive income						
Loss for the period	-	-	-	-	(516 505)	**(516 505)**
Other comprehensive income	-	-	-	-	-	**-**
Total comprehensive income for the period	**-**	**-**	**(20 205)**	**-**	**(516 505)**	**(536 710)**
Total transactions with owners of the Group	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 31.03.2025	**13 034 872**	**250 000**	**(79 572)**	**201 976**	**(7 016 008)**	**6 391 268**

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Consolidated Statement of
Cash Flows

Cash flows to/from operating activities	Notes	01.01.2025-31.03.2025 EUR	01.01.2024-31.03.2024 EUR
Profit/ (loss) before tax		(529 373)	(462 337)
Adjustments for:			
Amortization and depreciation		283 368	282 942
Interest expense	2	354 527	236 079
Interest income		(2 596)	(31 620)
(Gain)/Loss from disposal of property and equipment		169	-
Cash flow from operating activities before working capital changes		**106 095**	**25 064**
(Increase)/ decrease in inventories		(1 485 708)	573 467
(Increase)/ decrease in trade and other receivables		249 128	(1 037 025)
(Decrease)/ increase in advances received and trade payables		211 264	814 917
(Decrease)/ increase in accrued liabilities		40 869	(158 633)
(Increase)/ decrease in accrued income		145 722	18 921
Cash flows used in/from operations		**(732 630)**	**236 711**
Corporate income tax paid		(450)	(296)
Net cash flows used in operating activities		**(733 080)**	**236 415**
Cash flows to/from investing activities			
Proceeds from sale of other securities		-	500 000
Acquisition of property and equipment and other intangible assets		(274 735)	(136 970)
Interest received		2 596	32 308
Payments for sale of other securities		-	438
Net cash flows to/from investing activities		**(272 139)**	**395 776**
Cash flows to/from financing activities			
Repayments of borrowings issuance costs		(8 838)	-
Repayment of liabilities for right-of-use assets		(176 476)	(181 189)
Repayment of liabilities for right-of-use assets		-	(189 380)
Interest paid		(268 108)	-
Cash payments for the interest portions of lease liabilities		(3 809)	(13 072)
Net cash flows to/from financing activities		**(457 231)**	**(383 641)**
Change in cash		**(1 462 450)**	**248 549**
Effects of currency translation on cash and cash equivalents		**(19 976)**	**(5 409)**
Cash at the beginning of the period		2 206 214	1 253 098
CASH AT THE END OF THE PERIOD		**723 788**	**1 496 238**

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Notes to the Consolidated Financial Statements

1. Administrative expenses

	01.01.2025-31.03.2025 EUR	01.01.2024-31.03.2024 EUR
Employees' salaries	515 496	701 844
Amortization and depreciation	282 890	282 942
Office and branches' maintenance expenses	84 911	90 557
Social tax contributions	83 864	83 562
IT services	55 825	44 404
Other personnel expenses	50 360	55 920
Audit fees	21 994	17 532
Professional services	20 590	31 567
Other administrative expenses	19 562	12 222
Insurance	13 747	12 909
Representation	9 824	3 394
Business trips	6 788	5 690
Communication expenses	5 477	6 294
Legal services	4 016	5 049
Bank commissions	4 159	3 101
Recruitment fees	2 643	2 697
Transportation expenses	1 748	2 935
TOTAL:	**1 183 894**	**1 362 619**

2. Interest expenses and similar expenses

	01.01.2025-31.03.2025 EUR	01.01.2024-31.03.2024 EUR
Interest expenses on issued bonds	315 036	223 006
Interest expenses on lease liabilities	21 718	13 072
Other financial expenses	2 038	5 022
TOTAL:	**338 792**	**241 100**

3. Inventories

	31.03.2025 EUR	31.12.2024 EUR
Acquired vehicles for purpose of selling them to customers	14 224 578	12 870 093
Raw materials	162 791	150 358
NRV allowance	*-*	*(150 000)*
Work in progress	106 297	137 507
TOTAL:	**14 493 666**	**13 007 958**

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 March 2025. Management has performed analysis to determine profit margins for all cars that were sold after 31.03.2025, and concluded that no adjustment to net realizable value should be expensed through profit or loss in Q1 2025. In Latvia and Lithuania inventories are pledged as bonds` collateral, total amount of pledged inventory in these countries is EUR 12 155 532 (31.03.2024: inventories of Latvia, Lithuania and also Estonia were pledged for amount of EUR 10 720 452).

4. Prepayments to suppliers and similar

	31.03.2025 EUR	31.12.2024 EUR
VAT receivable and other taxes	395 436	646 039
Advances paid for goods and services	79 433	44 653
Prepaids	105 087	82 259
Security deposits	92 921	85 678
TOTAL:	**672 877**	**858 629**

5. Loans and borrowings

Non-current *Liabilities for issued debt securities*	**Interest rate per annum (%)**	**Maturity**	**31.03.2025 EUR**	**31.12.2024 EUR**
Bonds 10 million EUR notes issue[1)]	10%	30.11.2027	9 175 445	9 163 505
Bonds 3.00 million EUR notes issue[2)]	6%	31.12.2029	3 064 260	3 019 323
		TOTAL:	**12 239 706**	**12 182 828**
Lease liabilities[3)]	3%-9%	up to 5 years	1 107 610	1 162 800
		TOTAL:	**1 107 610**	**1 162 800**
		TOTAL NON-CURRENT BORROWINGS:	**13 347 316**	**13 345 628**

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 March 2025). 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 31.03.2024, 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 March 2024). 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 March 2025.

Current *Liabilities for issued debt securities*	**Interest rate per annum (%)**	**Maturity**	**31.03.2025 EUR**	**31.12.2024 EUR**
Bonds 10 million EUR notes issue[1)]	10%	30.11.2027	517 957	518 975
		TOTAL:	**517 957**	**518 975**
Lease liabilities[3)]	3%-9%	up to 12 months	572 709	556 035
		TOTAL:	**572 709**	**556 035**
		TOTAL CURRENT BORROWINGS:	**1 090 666**	**1 075 010**

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6. 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) 1.53x

b) 42.3%

c) 1.22x

7. Events after the reporting period

There were no significant events after reporting period.

Signed on behalf of the Group on 30 May 2025 by:

Edgars Cērps
Chairman of the Board

Ina Volkova
Responsible Accountant

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