

JOINT STOCK COMPANY "LONGO GROUP"
(UNIFIED REGISTRATION NUMBER 42103081417)

FINANCIAL STATEMENTS FOR 2025

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

TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT

Latvia, 2026

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Information about the Company

Name of the Company	Longo Group								
Legal status of the Company	Joint Stock Company								
Unified registration number, place and date of registration	42103081417, Rīga, 30 October 2017								
Registered office	Mūkusalas iela 72A, Rīga, LV-1004, Latvia								
Shareholders	<table> <tr> <td></td> <td style="text-align: right;">31.12.2025</td> </tr> <tr> <td>SIA ALPPES Capital</td> <td style="text-align: right;">45.18%</td> </tr> <tr> <td>Other shareholders</td> <td style="text-align: right;">54.82%</td> </tr> <tr> <td>TOTAL</td> <td style="text-align: right;">100%</td> </tr> </table>		31.12.2025	SIA ALPPES Capital	45.18%	Other shareholders	54.82%	TOTAL	100%
	31.12.2025								
SIA ALPPES Capital	45.18%								
Other shareholders	54.82%								
TOTAL	100%								
Members of the Board	<p>Edgars Cērps - Chairman of the Board from 28.12.2020</p> <p>Jacob Willem Hoogenboom - Member of the Board from 28.12.2020</p>								
Members of the Council	<p>Aigars Kesenfelds - Chairman of the Council from 28.12.2020 to 27.06.2025</p> <p>Māris Keišs - Deputy Chairman of the Council from 01.03.2021 to 03.07.2025, Chairman of the Council from 04.07.2025</p> <p>Alberts Pole - Member of the Council from 01.03.2021, Deputy Chairman of the Council from 04.07.2025</p> <p>Kristaps Ozols - Member of the Council from 01.03.2021</p> <p>Jonathan Neil Smith - Member of the Council from 01.03.2021</p>								
Subsidiaries	<p>Longo Latvia SIA, Latvia (100%)</p> <p>Longo Lithuania UAB, Lithuania (100%)</p> <p>Longo Estonia OU, Estonia (100%)</p> <p>Longo Shared Services UAB, Lithuania (100%)</p> <p>Longo Netherlands B.V., Netherlands (100%)</p> <p>Longo Belgium BVBA, Belgium (99%)</p> <p>Maxxus GmbH, Germany (100%)</p> <p>Longo Poland sp. z o.o., Poland (100%)</p> <p>Longo IP Holdings SIA, Latvia (100%)</p>								
Reporting year	1 January 2025 - 31 December 2025								
Previous reporting year	1 January 2024 - 31 December 2024								
Auditors	<p>KPMG Baltics SIA, 1 Roberta Hirsā Street, Rīga, LV-1045, Licence No. 55</p> <p>Certified Auditor In Charge Rainers Vilāns</p> <p>Certificate No. 200</p>								

Management Report

Line of business

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

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

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

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

Operating and Financial Results

In 2025, the Company's revenue reached EUR 1.7 million, representing a 27% increase compared to the previous period (2024: EUR 1.3 million). The Company's net loss in 2025 was EUR 1.4 million (2024: EUR 0.7 million). The increase in revenue was primarily driven by higher management service fees charged to subsidiaries, while the net loss reflects increased administrative expenses and impairment charges on financial assets.

Future prospects

The main priorities for the Company in 2026 are to increase revenue and reduce expenses. The Group will maintain strict control over administrative costs and focus on profitable growth opportunities in the Baltic region. The Company also plans to continue to support its subsidiaries in implementing their operational plans.

The Company obeys local laws relating to environmental protection.

Financial Risk Management

Credit risk

The Company's receivables consist of amounts due from its subsidiaries. The Company's credit risk is the risk that the Company will incur financial losses if a counterparty fails to meet its contractual obligations. Longo Group JSC considers all subsidiaries to be creditworthy, and credit risk is continuously monitored, particularly in cases where contractual payments are delayed.

As of 31 December 2025, the Company also held investments in bonds. These instruments were disposed of before the date of signing of the financial statements at the same price at which they were acquired. The related credit risk was assessed as limited, considering the creditworthiness of the issuers, the regulated nature of the Latvian capital market and the short holding period.

Credit risk related to cash and cash equivalents is limited, as the counterparties are banks and payment systems. To mitigate credit risk, Longo Group JSC places its cash reserves across multiple banks and payment systems.

Interest Rate Risk

As all of the Company's borrowings have been received at fixed interest rates, the Company is not exposed to interest rate risk.

Capital risk

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

The Company monitors its equity based on the capitalization ratio specified in the Bond Prospectus. As of 31 December 2025, this ratio was 42%. Borrowings are generally managed by monitoring and complying with lender-imposed covenants, as well as by planning future borrowing needs to support the Company's business development.

Liquidity risk

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

Corporate governance statement

The Group has published its Corporate governance statement for the year 2025 on this website <https://www.longo.group/governancestatements>.

Statement of Management Responsibility

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

Subsequent events

On 5 February 2026, Longo Group JSC settled the vested portion of share options granted to management employees. As a result of the vesting, 299 994 new C-class shares (employee shares) were issued. The total number of shares outstanding is 131 108 094. Each share is a registered share with a nominal value of EUR 0.10.

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

Edgars Cērps
Chairman of the Board

Jacob Willem Hoogenboom
Member of the Board

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Financial Statement

Statement of Comprehensive Income

		2025	2024
	Notes	EUR	EUR
Revenues	3	1,664,774	1,309,555
Cost of Services Provided	4	(1,919,965)	(1,543,996)
Gross Loss		(255,191)	(234,441)
Administrative expenses	5	(627,653)	(208,675)
Other operating income	6	2,410	15,484
Other operating expenses	7	(3,224)	(16,397)
Provisions for expected credit losses on financial assets	13, 14	(273,019)	(20,999)
Other income from interest and similar income	8	1,021,066	874,104
Interest expenses and similar expenses	9	(1,306,400)	(1,062,355)
(Loss) / profit before tax		(1,442,011)	(653,279)
Corporate Income Tax	10	(129)	(113)
(Loss) / profit for the Reporting Year		(1,442,140)	(653,392)
TOTAL COMPREHENSIVE (LOSS) / PROFIT FOR THE REPORTING YEAR		(1,442,140)	(653,392)

The accompanying notes on pages 10 to 26 are an integral part of this financial statement.

Edgars Cērps
Chairman of the Board

Jacob Willem Hoogenboom
Member of the Board

Olīvija Lavrenova
Chief Accountant

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Statement of Financial Position

ASSETS

		31.12.2025	31.12.2024
		EUR	EUR
LONG-TERM INVESTMENTS	Notes		
Intangible assets			
Intangible assets	11	977,972	995,233
Intangible assets development costs	11	551	581
Total intangible assets		978,523	995,814
Fixed assets			
Right-of-use assets	12	58,257	57,185
Fixed assets	12	20,973	16,609
Total fixed assets		79,230	73,794
Long-term financial investments			
Loans to related companies	13	13,816,728	-
Investments in related companies	14	8,068,174	8,343,174
Total long-term financial investments		21,884,902	8,343,174
TOTAL LONG-TERM INVESTMENTS		22,942,655	9,412,782
CURRENT ASSETS			
Receivables and other current assets			
Trade and other receivables	15	505,207	228,367
Other assets		45,608	100,693
Contract assets		270	8,877
Total receivables and other current assets		551,085	337,937
Short-term financial investments			
Loans to related companies	13	-	14,779,090
Other investments	16	807,433	-
Total short-term financial investments		807,433	14,779,090
Cash and cash equivalents	17	794,291	1,797,096
TOTAL CURRENT ASSETS		2,152,809	16,914,123
TOTAL ASSETS		25,095,464	26,326,905

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Statement of Financial Position

EQUITY AND LIABILITIES

		31.12.2025	31.12.2024
EQUITY	Notes	EUR	EUR
Share capital	18	13,080,810	13,034,872
Share premium	18	250,000	250,000
Share-based payment reserve	19	29,999	27,014
Subordinated Bond Restructuring Reserve	20	174,962	174,962
Uncovered losses:			
Accumulated losses / Retained earnings for the period		(589,312) (1,442,140)	64,080 (653,392)
TOTAL EQUITY		11,504,319	12,897,536
LIABILITIES			
Non-current liabilities			
Loans and borrowings	20	12,269,901	12,182,828
Total non-current liabilities		12,269,901	12,182,828
Current liabilities			
Loans and borrowings	20	563,836	577,243
Trade payables	21	584,512	505,618
Taxes and compulsory state social security contributions	22	38,794	27,256
Other liabilities	23	40,819	34,457
Corporate income tax		32	36
Accrued liabilities	24	93,251	101,931
Total current liabilities		1,321,244	1,246,541
TOTAL LIABILITIES		13,591,145	13,429,369
TOTAL EQUITY AND LIABILITIES		25,095,464	26,326,905

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Statement of Changes in Equity

	Notes	Share capital	Share premium	Other Reserves	Accumulated loss / Retained earnings	Total
Balance 01.01.2024		13,017,058	250,000	12,215	64,080	13,343,353
<u>Total comprehensive income</u>						
Loss for the period		-	-	-	(653,392)	(653,392)
Total comprehensive Loss for the period		-	-	-	(653,392)	(653,392)
<u>Transactions with owners of the Company</u>						
<i>Contributions and distributions</i>						
Issues of ordinary shares	18	17,814	-	14,799	-	32,613
Equity-settled share-based payment	19	-	-	-	-	-
Subordinated debt restructuring reserve	20	-	-	174,962	-	174,962
Total transactions with owners of the Group		17,814	-	189,761	-	207,575
Balance 31.12.2024		13,034,872	250,000	201,976	(589,312)	12,897,536
Balance 01.01.2025		13,034,872	250,000	201,976	(589,312)	12,897,536
<u>Total comprehensive income</u>						
Loss for the period		-	-	-	(1,442,140)	(1,442,140)
Total comprehensive Loss for the period		-	-	-	(1,442,140)	(1,442,140)
<u>Transactions with owners of the Company</u>						
<i>Contributions and distributions</i>						
Equity-settled share-based payment	18, 19	45,938	-	2,985	-	48,923
Total transactions with owners of the Company		45,938	-	2,985	-	48,923
Balance 31.12.2025		13,080,810	250,000	204,961	(2,031,452)	11,504,319

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Statement of Cash Flows

		2025	2024
	Notes	EUR	EUR
Cash flows to/from operating activities			
Profit/ (loss) before tax		(1,442,011)	(653,279)
Adjustments for:			
Amortization and depreciation	11, 12	305,025	258,396
Interest expense	9	1,286,024	1,027,319
Interest income	8	(1,021,066)	(874,104)
Share-based payment expense	19	48,923	32,613
Recognition of bond issuance costs	20	4,916	-
Provisions for expected credit losses on financial assets	13, 14	273,019	20,999
Cash flow from operating activities before working capital changes		(545,170)	(188,056)
(Increase)/ decrease in trade and other receivables		(221,755)	(66,050)
(Decrease)/ increase in advances received and trade payables		96,794	479,873
(Decrease)/ increase in accrued liabilities		(8,680)	20,341
(Increase)/ decrease in accrued income		8,607	(1,986)
Cash flows used in/from operations		(670,204)	244,122
Corporate income tax paid		(133)	(99)
Net cash flows used in operating activities		(670,337)	244,023
Cash flows to/from investing activities			
Loans to related companies		(13,544,258)	(11,751,675)
Loan repayments from related companies		14,615,473	8,721,154
Other securities acquired		(800,000)	-
Acquisition of property and equipment and other intangible assets	11, 12	(235,150)	(330,400)
Interest received		909,204	983,884
Proceeds from sale of other securities		-	1,000,000
Payments for sale of other securities		(2,444)	4,471
Net cash flows to/from investing activities		942,825	(1,372,566)
Cash flows to/from financing activities			
Interest paid	20	(998,848)	(616,793)
Repayment of liabilities for right-of-use assets	20	(57,585)	(57,478)
Borrowings issuance costs	20	(11,979)	(327,109)
Cash payments for the interest portions of lease liabilities	20	(2,381)	(2,490)
Bonds repurchased	20	(204,500)	-
Bonds issued	20	-	5,402,000
Bonds repaid	20	-	(1,828,170)
Net cash flows to/from financing activities		(1,275,293)	2,569,960
Change in cash		(1,002,805)	1,441,417
Cash at the beginning of the period		1,797,096	355,679
CASH AT THE END OF THE PERIOD	17	794,291	1,797,096

The accompanying notes on pages 10 to 26 are an integral part of this financial statement.

Edgars Cērps
Chairman of the Board

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Member of the Board

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Notes to the Financial Statements

1. General information

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

The annual report for 2025 has been approved by decision of the Board on 23 April 2026.

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

2. Summary of significant accounting policies

Basis of preparation of the financial statements

The financial statements for the year ended 31 December 2025 have been prepared in accordance with IFRS accounting standards as adopted by the European Union (hereinafter – IFRS accounting standards).

The Company's reporting currency is the euro (EUR).

New standards, interpretations and amendments not yet effective.

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

- Lack of Exchangeability (Amendments to IAS 21).

The following amendments are effective for reporting periods beginning on or after 1 January 2025, with earlier application permitted. Longo Group JSC is currently still assessing the potential impact of IFRS 18 Presentation and Disclosure in Financial Statements on its separate financial statements. As regards the other standards listed below, they are not expected to have a material effect on the separate financial statements of Longo Group JSC:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7);
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7);
- Annual Improvements to IFRS Accounting Standards – Volume 11;
- IFRS 18 Presentation and Disclosure in Financial Statements;
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (not yet endorsed);
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (not yet endorsed).

Intangible and fixed assets

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

External and internal costs incurred during the development phase of management information systems are capitalized. Costs of significant enhancements are added to the initial cost of the asset where they meet the capitalization criteria.

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

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

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

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

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

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

Licenses and other intangible assets

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

Other intangible assets primarily consist of acquired computer software.

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

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

Fixed assets

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

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

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

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

2. Summary of significant accounting policies (continued)

Financial instruments

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

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

Classification and subsequent measurement

Financial assets

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Financial assets that do not meet the criteria for measurement at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss (FVTPL), with changes in fair value recognised in profit or loss.

Derecognition

Financial assets

The Company derecognises a financial asset when:

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

Financial liabilities

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

Impairment

Non-derivative financial assets

Financial instruments and contract assets

The Company recognises loss allowances for ECLs on:

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

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

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

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

ECL Assessment

For debt instruments not measured at fair value through profit or loss, the Company recognizes provisions for expected credit losses (hereinafter "ECL").

The Company applies a loss allowance approach for the recognition of impairment losses. This involves a three-stage model based on changes in the credit quality of financial assets since initial recognition. In practice, this means that entities are required to recognise an immediate loss equal to 12-month ECL upon initial recognition of financial assets that have not experienced a significant increase in credit risk (Stage 1). When a significant increase in credit risk has occurred, impairment is measured based on lifetime ECL rather than 12-month ECL (Stage 2 or Stage 3).

The calculation of ECL is based on the following key parameters:

- PD (Probability of Default) – an estimate of the likelihood that a borrower will default over a given time period;
- EAD (Exposure at Default) – an estimate of the exposure at the default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and anticipated drawdowns from committed limits;
- LGD (Loss Given Default) – an estimate of the loss that would be incurred in the event of default, calculated as the difference between the contractual cash flows due and the expected cash flows, including those from the realisation of any collateral. This is usually expressed as a percentage of the EAD.

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

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

Cash and cash equivalents

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

2. Summary of significant accounting policies (continued)

Operating lease – Company as lessee

Lease liability

Initial recognition

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

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

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

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

- (a) Periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and
- (b) Periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option.

At the commencement date, the Company assesses whether it is reasonably certain to exercise an option to extend the lease or to purchase the underlying asset, or not to exercise an option to terminate the lease.

Subsequent measurement

After the commencement date, the Company measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications specified, or to reflect revised in-substance fixed lease payments.

Right-of-use assets

Initial recognition

At the commencement date of the lease, the Company 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 Company; and
- an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are to produce inventories.

Subsequent measurement

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

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

Initial recognition exemptions applied

As a recognition exemption, the Company elects not to apply the recognition requirements of right-of-use asset and lease liability to:

- (a) Short term leases – for all classes of underlying assets; and
- (b) Leases of low-value assets – on a lease-by-lease basis.

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

- (a) Short term leases

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

- (b) Leases of low-value assets

The Company defines a low-value asset as one that:

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

Accrued liabilities for employee vacations

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

2. Summary of significant accounting policies (continued)

Reserves

Share-based payment reserve

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

Provisions

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

Accruals and deferrals

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

Share-based payments

Equity-settled transactions

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

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

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

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

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

Expense for share-based remuneration is measured at fair value at the grant date. Share-based remuneration is in a form of conditional share options. The grant date is the date at which the entity and the participating employee agree to a share-based 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.

As the intent is to receive services from the employee throughout the period, expenses are recognized on a straight-line basis over the entire vesting period of the remuneration program. A corresponding increase in equity is recognized in other reserves in the amount of the share options granted.

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

Income and expenses

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

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

The effective interest rate method

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

Revenue recognition

Revenue from the provision of services

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

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

Revenues	Timing of recognition
Revenue from management and franchise services	Revenue is recognized in the period in which the services are provided.

Revenue recognition approach

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

1. Identification of the contract: it is determined whether a legally binding contractual arrangement exists with the customer.
2. Identification of performance obligations: the obligations that the Company has undertaken to fulfil are identified.
3. Determination of the transaction price: the consideration expected to be received is determined, including fixed and variable components.
4. Allocation of the transaction price: the transaction price is allocated to the performance obligations based on their standalone selling prices.
5. Revenue recognition: revenue is recognised when the performance obligation is satisfied, that is, when the customer obtains control of the service provided.

Criteria for identifying a contract

A contract is recognised when:

- the parties have clearly agreed on their rights and obligations;
- the payment terms are clearly specified;
- performance of the contract is feasible and probable; and
- it is expected that the consideration will be received.

Determination of the transaction price

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

Ensuring proper accrual

Revenue is recognised on the basis of the Company's accrual principle. Revenue is recognised in the reporting period in which the relevant services are actually rendered, ensuring that revenue is fully and properly attributed to the respective periods.

Revenue from franchise services

The Company grants franchise rights to its subsidiaries in the field of motor vehicle trading. Franchise fees are payable by the subsidiaries to the Company once they reach the turnover threshold specified in the franchise agreement. Revenue from franchise services is recognised at the point in time when the franchise rights are transferred and the customer obtains the right to use them. The Company has the right to review the terms of the franchise agreement, including granting a waiver of franchise fees, taking into account the Group's operating results and external market trends.

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

2. Summary of significant accounting policies (continued)

Events after the end of the reporting period

The financial statements reflect events occurring after the end of the reporting year that provide additional information about the Company's financial position at the balance sheet date (adjusting events). If events after the end of the reporting year are non-adjusting, they are disclosed in the notes to the financial statements only if they are material.

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

In determining the lease term under IFRS 16 and the length of the non-cancellable period of a lease, the Company is required to assess the period for which the contract is enforceable. In determining the lease term, the Company considers the rights and obligations of both parties. Where the contract may be terminated by either the lessor or the lessee at any time, or after the end of the non-cancellable lease period, without incurring more than an insignificant penalty, this indicates that no enforceable rights and obligations exist beyond the non-cancellable period. These considerations also apply to contracts without a fixed term and to contracts that continue on a month-to-month basis until notice is given by either party. As a result, such contracts are treated as short-term leases under IFRS 16, and the Company does not recognise a lease liability or a right-of-use asset in respect of these leases. The Company considers that, once the non-cancellable period has expired, it is no longer subject to enforceable rights and obligations under such contracts.

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

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

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

The Company has used market rates as its incremental borrowing rates. The Company considers the market rates applied to be an appropriate basis for determining the incremental borrowing rate, as they accurately reflect the Company's ability to obtain financing for the acquisition of a specific asset.

Related parties

Related parties are legal entities and individuals related to the Company in accordance with the criteria set out below.

A person, or a close member of that person's family, is related to the reporting entity if that person:

- i. has control or joint control over the reporting entity;
- ii. has a significant influence over the reporting entity; or
- iii. is a member of the key management personnel of the reporting entity or of its parent.

An entity is related to a reporting entity if any of the following conditions applies:

- i. the entity and the reporting entity are members of the same group, which means that each parent, subsidiary and fellow subsidiary is related to the others;
- ii. one entity is an associate or joint venture of the other entity, or an associate or joint venture of a member of a group of which the other entity is a member;
- iii. both entities are joint ventures of the same third party;
- iv. one entity is a joint venture of a third entity and the other entity is an associate of that same third entity;
- v. the entity is a post-employment benefit plan for the employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
- vi. the entity is controlled or jointly controlled by a person identified in point (a);
- vii. a person identified in point (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity, or of a parent of the entity; or
- viii. the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the Company's parent.

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

Key Assumptions and Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts of assets and liabilities and off-balance sheet assets and liabilities disclosed in the financial statements, as well as the amounts of revenue and expenses. Actual results may differ from these estimates.

The assumptions underlying these estimates, and the estimates themselves, are reviewed regularly to determine whether changes are necessary. Changes in accounting estimates are recognised in the reporting period in which the estimates are revised and in all subsequent periods.

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

- Capitalization of development costs

In order to capitalize costs incurred in the development of the Company's enterprise resource planning (ERP) system and in the management of other IT systems, management applies specific assumptions. The capitalization of IT employees' salary costs is based on timesheets and the number of hours devoted to the development of new functionalities. Accordingly, the salary costs of the employees involved are capitalized as part of Other intangible assets, while the remaining salary costs are recognised as staff costs in the Statement of Comprehensive Income.

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

- Impairment of intangible assets

At the end of each reporting period, management assesses whether there are any indicators of impairment in the capitalized ERP and other IT development costs. If such indicators are identified, or if the asset has not yet been brought into use, its recoverable amount is determined using a discounted cash flow model.

The key assumptions include the expected future economic benefits, the useful life of the system, and the pre-tax discount rate. If the carrying amount exceeds the recoverable amount, the difference is recognised as an impairment loss under "Cost of purchased services". More detailed information is provided in Note 11.

- Impairment Losses on Loans Issued to Subsidiaries

In assessing the ECL on loans granted to subsidiaries, an evaluation is required, particularly in estimating the amounts and timing of expected future cash flows and in determining whether there has been a significant increase in credit risk. These estimates are driven by a number of factors, changes in which may result in different levels of loss allowances. The Company's ECL calculations are based on both assumptions and variable inputs. The elements of the ECL models that are regarded as accounting assumptions and estimates include:

- The Company's criteria for assessing whether there has been a significant increase in credit risk and allocating loans to Stage 1 or Stage 2;
- The criteria for determining default and allocating loans to Stage 3;
- The development of the ECL calculation, including the selection of various formulas and parameters;
- The modelling and calculation of key ECL parameters, including Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD).

Loans for which there has not been a significant increase in credit risk since initial recognition are provided for based on credit losses arising from default events that are possible within the next 12 months (12-month ECL) and are classified in Stage 1. For exposures for which there has been a significant increase in credit risk since initial recognition, allowances are recognised for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default event (lifetime ECL); such exposures are classified in Stage 3.

- Assessment of Investment in Subsidiaries

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

- Modification of Subordinated Debt

During the reporting period, the terms of a subordinated loan provided by the shareholder were amended by deferring interest payments until maturity and extending the loan term. Management assessed that the amendments were made by the shareholder in its capacity as owner and, accordingly, treated them as a transaction with shareholders. Consequently, the effect of the changes was recognised directly in equity as a subordinated loan restructuring reserve.

3. Revenues

	2025	2024
	EUR	EUR
Revenue from administrative services	1,439,727	1,309,555
Revenue from franchise services	225,047	-
TOTAL:	1,664,774	1,309,555

Revenue from administrative services by country:

Lithuania	624,177	549,215
Latvia	362,975	249,339
Netherlands	249,338	215,595
Estonia	132,749	193,823
Belgium	25,438	71,236
Poland	45,050	30,347

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

4. Cost of Services Provided

	2025	2024
	EUR	EUR
Employees' salaries	511,342	461,540
Marketing costs	401,660	375,080
Amortization of intangible assets and depreciation of fixed assets	305,025	258,396
IT services	213,068	183,582
Other administrative expenses	179,077	24,673
Other personnel expenses	146,649	100,781
Social tax contributions	122,749	106,701
Office and branches' maintenance expenses	26,525	28,446
Professional services	13,870	4,797
TOTAL:	1,919,965	1,543,996

5. Administrative expenses

	2025	2024
	EUR	EUR
Marketing costs	489,419	133,376
Other administrative expenses	65,678	33,583
Audit service fee*	46,264	28,317
Legal services	24,438	12,086
Bank commissions	1,854	1,313
TOTAL:	627,653	208,675

* The auditor's remuneration includes fees for statutory audit services provided to the Company in the amount of EUR 46 264 in 2025 and EUR 28 317 in 2024, as well as EUR 400 for translation services in each year.

6. Other operating income

	2025	2024
	EUR	EUR
Income from reimbursement of expenses of related companies	1,758	7,275
Other operating income	652	8,209
TOTAL:	2,410	15,484

7. Other operating expenses

	2025	2024
	EUR	EUR
Other operating expenses	3,213	16,363
Penalties paid	11	34
TOTAL:	3,224	16,397

8. Other income from interest and similar income

	2025	2024
	EUR	EUR
Interest income from loans to subsidiaries	1,007,644	825,391
Interest income on bonds acquired	7,072	34,111
Interest income from bank deposit	6,350	14,602
TOTAL:	1,021,066	874,104

9. Interest expenses and similar expenses

	2025	2024
	EUR	EUR
Interest expenses on issued bonds	1,283,643	1,024,829
Other financial expenses	20,377	35,036
Interest expenses on lease liabilities	2,381	2,490
TOTAL:	1,306,400	1,062,355

10. Corporate income tax payable

	2025	2024
	EUR	EUR
Current corporate income tax charge for the reporting year	129	113
Corporate income tax charged to the income statement:	129	113

11. Intangible assets

	Intangible assets*	Intangible assets development costs	TOTAL
	EUR	EUR	EUR
As at 01.01.2024			
Historical cost	1,207,299	505	1,207,804
Accumulated amortization and depreciation	(344,045)	-	(344,045)
Carrying amount	863,254	505	863,759
2024			
Acquisitions	5,301	320,210	325,511
Reclassifications	320,133	(320,133)	-
Amortisation and depreciation	(193,455)	-	(193,455)
As at 31.12.2024			
Historical cost	1,532,733	581	1,533,314
Accumulated amortization and depreciation	(537,500)	-	(537,500)
Carrying amount	995,233	581	995,814
2025			
Acquisitions	12,296	206,804	219,100
Reclassifications	206,834	(206,834)	-
Amortisation and depreciation	(236,392)	-	(236,392)
As at 31.12.2025			
Historical cost	1,751,863	551	1,752,414
Accumulated amortization and depreciation	(773,892)	-	(773,892)
Carrying amount	977,972	551	978,523

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

At the end of 2025, management performed an impairment test of intangible assets (IT systems) for the Group companies that benefit from internally developed intangible assets (IT systems), using the following assumptions: 7% growth in 2026 (2024: 46%), 8% growth in 2027 (2024: 42%) and 9% growth in 2028, a terminal revenue growth assumption of 2% (2024: 2%), an EBITDA margin ranging from 2% to 4% (2024: 1.7% to 4.5%), and a weighted average cost of capital (WACC) of 10.5% (2024: 10.5%).

Management has concluded that the carrying amount of the intangible assets remains justified and that there is currently no indication of impairment. Ongoing monitoring and periodic reassessment will be performed in the future.

Amortisation expenses are included in Note 4 – "Cost of Services Provided".

12. Fixed and right-of-use assets

	Right-of-use assets	Fixed assets	TOTAL
	EUR	EUR	EUR
As at 01.01.2024			
Historical cost	131,265	100,692	231,957
Accumulated amortization and depreciation	(108,697)	(75,425)	(184,122)
Carrying amount	22,568	25,267	47,835
2024			
Acquisitions	-	4,889	4,889
Changes	86,011	-	86,011
Amortization and depreciation	(51,394)	(13,547)	(64,941)
As at 31.12.2024			
Historical cost	217,276	105,581	322,857
Accumulated amortization and depreciation	(160,091)	(88,972)	(249,063)
Carrying amount	57,185	16,609	73,794
2025			
Acquisitions	-	16,050	16,050
Changes	58,019	-	58,019
Amortization and depreciation	(56,947)	(11,686)	(68,633)
As at 31.12.2025			
Historical cost	275,295	121,631	396,926
Accumulated amortization and depreciation	(217,038)	(100,658)	(317,696)
Carrying amount	58,257	20,973	79,230

Right-of-use assets and lease liabilities

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

	31.12.2025	31.12.2024
	EUR	EUR
ASSETS		
Non-current assets		
Right-of-use assets (premises)	58,257	57,184
TOTAL:	58,257	57,184
EQUITY AND LIABILITIES		
Non-current liabilities		
Lease liabilities	-	-
Current liabilities		
Lease liabilities	58,700	58,268
TOTAL:	58,700	58,268
Leases in the statement of comprehensive income	2025	2024
	EUR	EUR
Administrative expense		
Depreciation of right-of-use assets	(56,947)	(51,394)
Net finance costs		
Interest expense for right-of-use assets	(2,381)	(2,490)
Total cash outflow from lease liabilities	TOTAL: (59,328)	(53,884)

13. Loans to related parties

	Interest rate per annum (%)	Maturity	31.12.2025 EUR	31.12.2024 EUR
Longo Estonia OU	6%	31.12.2030	2,135,608	3,007,738
Longo Netherlands B.V.	7.5%	31.12.2030	3,039,889	3,098,577
Longo Latvia SIA	6%	31.12.2030	2,719,063	2,126,834
Longo Lithuania UAB	6%	31.12.2030	3,895,746	4,054,584
Longo Poland Sp.z.o.o.	6%	31.12.2030	287,336	485,107
Longo Shared Services UAB	7.5%	31.12.2030	1,559,305	1,336,830
Longo Belgium BVBA	7.5%	31.12.2030	177,584	662,750
Maxxus GmbH	7.5%	31.12.2030	2,197	6,670
TOTAL:			13,816,728	14,779,090

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

	Stage 1 EUR	Stage 2 EUR	Stage 3 EUR	TOTAL EUR
12.31.2025				
Gross loans	13,871,870	-	25,000	13,896,870
ECL provisions	(57,339)	-	(22,803)	(80,142)
Net loans	13,814,531	-	2,197	13,816,728
12.31.2024				
Gross loans	14,836,213	-	25,000	14,861,213
ECL provisions	(63,793)	-	(18,330)	(82,123)
Net loans	14,772,420	-	6,670	14,779,090

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

Provisions for expected credit losses on financial assets	2025 EUR	2024 EUR
Balance at the beginning of the year	(82,123)	(61,124)
Reversal of provisions / (Provisions created)	1,981	(20,999)
Balance at the end of the year	(80,142)	(82,123)

As a result of the amendments to the intercompany credit line agreement (amended on 7 March 2025, with the final repayment date extended to 31 December 2030), as at 31 December 2025 loans to related companies have been reclassified from short-term to long-term financial investments (2024: short-term financial investments).

14. Investments in subsidiaries

31 December 2025				Holding	Investment	Net assets	Profit or (loss) for the year
Subsidiary	Registration number	Country	Line of business	%	EUR	EUR	EUR
Longo Latvia SIA	40203147079	Latvia	Sale of motor vehicles	100%	2,200,000	520,909	46,136
Longo Lithuania UAB	304837699	Lithuania	Sale of motor vehicles	100%	2,500,000	1,170,348	31,733
Longo Estonia OU	14554950	Estonia	Sale of motor vehicles	100%	925,000	1,953	(179,662)
Longo Shared Services UAB	305217797	Lithuania	Repairs of motor vehicles	100%	1,400,000	750,167	58,737
Longo Netherlands B.V.	71706267	The Netherlands	Sourcing of motor vehicles	100%	300,000	241,821	(23,009)
Longo Belgium BVBA	BE 0881764642	Belgium	Sourcing of motor vehicles	99%	60,588	51,019	104
Maxxus GmbH	HRB18213	Germany	Sourcing of motor vehicles	100%	16,313	(23,829)	(4,322)
Longo Poland sp. z o.o.	0000964768	Poland	Sale of motor vehicles	100%	663,473	(100,342)	(3,316)
Longo IP Holdings SIA	40203527894	Latvia	Leasing of intellectual property and similar products, except copyrighted works	100%	2,800	2,696	(104)
TOTAL:					8,068,174	2,614,742	(73,703)

Valuation of investment in subsidiaries

Management assessed the recoverability of goodwill and intangible assets. The recoverable amount was determined using the income approach, based on the assumption that the current value of the Company's investment is closely linked to the future earnings of the entities concerned.

As at the end of 2025, management performed an impairment test of the asset using the following assumptions:

- 7% growth in 2026, 8% growth in 2027 and 9% growth in 2028;
- a terminal revenue growth assumption of 2%;
- revenue and expenses are projected based on actual operating results, planned capital expenditure for the development of the business, and forecast trends in the relevant industry;
- an EBITDA margin ranging from 2% to 4%; and
- in determining the present value of the entity, management applied a discount rate, being the weighted average cost of capital (WACC), of 10.5%.

In 2025 an impairment allowance on financial assets of EUR 275 000 was recognised in respect of Longo Estonia OU (2024: 0).

As at the end of 2024, management performed an impairment test of the asset using the following assumptions:

- 43% growth in 2025, 46% growth in 2026 and 42% growth in 2027;
- a terminal revenue growth assumption of 2%;
- revenue and expenses are projected based on actual operating results, planned capital expenditure for the development of the business, and forecast trends in the relevant industry;
- an EBITDA margin ranging from 1.7% to 4.5%; and
- in determining the present value of the entity, management applied a discount rate, being the weighted average cost of capital (WACC), of 10.5%.

31 December 2024				Holding	Investment	Net assets	Profit or (loss) for the year
Subsidiary	Registration number	Country	Line of business	%	EUR	EUR	EUR
Longo Latvia SIA	40203147079	Latvia	Sale of motor vehicles	100%	2,200,000	474,773	(19,174)
Longo Lithuania UAB	304837699	Lithuania	Sale of motor vehicles	100%	2,500,000	1,138,615	(34,026)
Longo Estonia OU	14554950	Estonia	Sale of motor vehicles	100%	1,200,000	181,615	(73,226)
Longo Shared Services UAB	305217797	Lithuania	Repairs of motor vehicles	100%	1,400,000	691,430	9,643
Longo Netherlands B.V.	71706267	The Netherlands	Sourcing of motor vehicles	100%	300,000	264,830	14,103
Longo Belgium BVBA	BE 0881764642	Belgium	Sourcing of motor vehicles	99%	60,588	50,915	1,238
Maxxus GmbH	HRB18213	Germany	Sourcing of motor vehicles	100%	16,313	(19,507)	(3,280)
Longo Poland sp. z o.o.	0000964768	Poland	Sale of motor vehicles	100%	663,473	(97,026)	(164,239)
Longo IP Holdings SIA	40203527894	Latvia	Leasing of intellectual property and similar products, except copyrighted works	100%	2,800	2,800	-
TOTAL:					8,343,174	2,688,445	(268,961)

Subsidiary	Opening balance of investments as of 1 January 2024	Impairment allowance for financial assets	Closing balance of investments as of 31 December 2024	Impairment allowance for financial assets	Closing balance of investments as of 31 December 2025
	EUR	EUR	EUR	EUR	EUR
Longo Latvia SIA	2,200,000	-	2,200,000	-	2,200,000
Longo Lithuania UAB	2,500,000	-	2,500,000	-	2,500,000
Longo Estonia OU	1,200,000	-	1,200,000	(275,000)	925,000
Longo Shared Services UAB	1,400,000	-	1,400,000	-	1,400,000
Longo Netherlands B.V.	300,000	-	300,000	-	300,000
Longo Belgium BVBA	60,588	-	60,588	-	60,588
Maxxus GmbH	16,313	-	16,313	-	16,313
Longo Poland sp. z o.o.	663,473	-	663,473	-	663,473
Longo IP Holdings SIA	2,800	-	2,800	-	2,800
TOTAL:	8,343,174	-	8,343,174	275,000	8,068,174

31.12.2025

TOTAL
EUR

Gross investments 8,343,174

Impairment allowance for financial assets (275,000)

Net investments 8,068,174

15. Trade and other receivables

	31.12.2025	31.12.2024
	EUR	EUR
<i>Payables for management services</i>		
Longo Latvia SIA	140,905	62,561
Longo Lithuania UAB	291,583	60,769
Longo Netherlands B.V.	59,799	38,585
Longo Shared Services UAB	9,147	26,620
Longo Belgium BVBA	3,773	4,826
Longo Estonia OU	-	30,284
Longo Poland Sp.z.o.o.	-	4,722
TOTAL:	505,207	228,367

Trade receivables for management services

	Not overdue	Overdue up to 30 days	Overdue up to 60 days	Overdue more than 90 days	ECL	TOTAL
31.12.2025	EUR	EUR	EUR	EUR	EUR	EUR
Subsidiaries	505,207	-	-	-	-	505,207
Total undiscounted financial assets	505,207	-	-	-	-	505,207

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

16. Other investments, including derivatives

	31.12.2025	31.12.2024
	EUR	EUR
Corporate bonds at FVTPL - measured as a trading portfolio	807,433	-
TOTAL:	807,433	-

In 2025, the Company's management decided to slightly scale down inventory due to the seasonality of the business, therefore deploying its short-term liquidity by buying bonds in November and December 2025 (ISIN: LV0000105146, LV0000850378, LV0000106581).

17. Cash and cash equivalents

	31.12.2025	31.12.2024
Cash at bank and in payment systems	164,291	692,096
Cash held in a money market liquidity fund	630,000	1,105,000
TOTAL:	794,291	1,797,096

This financial asset is not impaired as of 31.12.2025 (31.12.2024: 0 EUR).

The Company has not established ECL (Expected Credit Loss) provisions for cash and cash equivalents, as bank deposits are short-term and the lifecycle of these assets, in accordance with IFRS 9, is so short that, considering the low probability of default, the amount of ECL would be immaterial (as of 31.12.2024: EUR 0).

18. Share capital

The share capital of the Company is EUR 13 080 810 and consists of 130 808 100 shares. The par value of each share is EUR 0.10. All the shares are fully paid.
The movements in the Share capital caption during the year are as follows:

	Share capital EUR	Share premium EUR	Total EUR
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
Opening balance as at 1 January 2025	13,034,872	250,000	13,284,872
Issue of ordinary shares	45,938	-	45,938
Closing balance as at 31 December 2025	13,080,810	250,000	13,330,810

During 2025, several employees exercised their share options and converted them into ordinary shares; therefore, there was an issue of 459 380 Longo Group JSC shares with a nominal value of EUR 0.10 (2024: 178 140 shares)

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

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

	A shares	B shares	C shares
SIA ALPPES Capital	39%	49%	0%
Other shareholders*	61%	51%	100%
	100%	100%	100%

* Other shareholders individually don't control more than 15% of Longo Group shares.

19. Share based payment reserve

The Company'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 exercise price of the share options under normal circumstances equals the nominal value of shares. The maximum contractual term of share options is until 2026. Alternatives for cash settlement exist. Cash settlement is not considered probable given that no sale transactions of Longo Group JSC or its subsidiaries are occurring, no listing of shares has been initiated and no other cash-settlement events have taken place.

The exercise price of the share options under normal circumstances equals the nominal value of shares. Alternatives for cash settlement exist. Cash settlement is not considered probable given that no sale transactions of Longo Group JSC or its subsidiaries are occurring, no listing of shares has been initiated and no other cash-settlement events have taken place.

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

	2025		2024	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at 1 January	1,355,225	-	1,433,362	-
Granted during the year	200,000	-	100,000	-
Terminated due to failed conditions	2,092	-	-	-
Exercised	459,380	-	178,137	-
Outstanding at 31 December	1,093,753	-	1,355,225	-
Exercisable at the end of the period	687,015	-	965,549	-

The total value of the share option program is EUR 75 000 (2024: EUR 130 000), value of granted and vested at 31 December 2025 is EUR 29 999 (2024: EUR 27 014). Expenses related to granted and vested shares in 2025 were recognized as administrative expenses (Note 5) and in the share-based payment reserve. The fair value of one share is EUR 0.09 (2024: EUR 0.09).

During the year, there were no expired share options.

The exercise price for options outstanding at the end of the year was 0.0 EUR (2024: 0). The weighted average remaining contractual life for the share options outstanding as at 31 December 2025 is 2.25 years (2024: 2 years).

20. Loans and borrowings

	Interest rate per annum (%)	Maturity	31.12.2025 EUR	31.12.2024 EUR
Non-current				
<i>Liabilities for issued debt securities</i>				
Bonds 10.00 million EUR notes issue ¹⁾	10%	11.30.2027	9,064,131	9,163,505
Bonds 3.00 million EUR notes issue ²⁾	6%	12.31.2029	3,205,770	3,019,323
		TOTAL:	12,269,901	12,182,828

1) On 30 November 2024, the Group registered with the Latvian Central Depository a bond facility through which it can raise up to EUR 20 million.

In the first tranche (ISIN LV0000804987) the Company has raised a total of EUR 10 000 000 as at 30 November 2024. In November and December 2025 the Company carried out partial buybacks of the issued bonds. As a result of these transactions, the nominal value of the bonds outstanding as at 31 December 2025 decreased to EUR 9 795 500 (as at 31 December 2024: EUR 10 000 000).

This bond issue is secured by the assets of Longo Latvia SIA, Longo LT UAB and real estate of Longo Shared Services UAB. 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 bonds of Longo Group JSC have been admitted to trading on the Nasdaq Baltic Main Market by Nasdaq Riga since 9 December 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 Company has raised a total of EUR 3 000 000 as at 31 December 2025 (EUR 3 000 000 at 31 December 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 the amount of EUR 174 962.

3) The Company has entered into a lease agreement for office premises until 31 December 2026.

	Interest rate per annum (%)	Maturity	31.12.2025 EUR	31.12.2024 EUR
Current				
<i>Liabilities for issued debt securities</i>				
Bonds 10.00 million EUR notes issue ¹⁾	10%	11.30.2027	505,136	518,975
		TOTAL:	505,136	518,975
Lease liabilities ³⁾	6.4%	12.31.2025	58,700	58,268
		TOTAL:	58,700	58,268
TOTAL CURRENT BORROWINGS:			563,836	577,243

Movements of interest bearing liabilities and equity

	Liabilities			
	Debt securities	Lease liabilities	Loans from related parties	Total
	EUR	EUR	EUR	EUR
Balance at 1 January 2025	12,701,805	58,266	-	12,760,071
Bonds repurchased	(204,500)	-	-	(204,500)
Recognition of bond issuance costs	4,916	-	-	4,916
Payment of lease liabilities	-	(57,585)	-	-
Capitalized borrowing costs	(11,979)	-	-	(11,979)
Interest paid	(998,848)	(2,381)	-	(1,001,229)
Total changes from financing cash flows	(1,210,410)	(59,966)	-	(1,270,376)
Other changes				
<i>Liability-related</i>				
New leases and modifications	-	58,019	-	58,019
Disposed	-	-	-	-
Interest expense	1,283,643	2,381	-	1,286,024
Total liability-related other changes	1,283,643	60,400	-	1,344,043
As at 31 December 2025	12,775,037	58,700	-	12,833,737
Balance at 1 January 2024	9,222,012	29,736	-	9,251,748
Proceeds from debt securities	10,000,000	-	-	10,000,000
Redemption of debt securities	(1,828,170)	-	-	(1,828,170)
Exchange of debt securities	(4,598,000)	-	-	(4,598,000)
Payment of lease liabilities	-	(57,478)	-	(57,478)
Capitalized borrowing costs	(327,109)	-	-	(327,109)
Interest paid	(616,793)	(2,490)	-	(619,283)
Total changes from financing cash flows	2,629,928	(59,968)	-	2,569,960
Other changes				
<i>Liability-related</i>				
New leases and modifications	-	86,008	-	86,008
Transfer to subordinated debt restructuring reserve	(174,962)	-	-	(174,962)
Interest expense	1,024,827	2,490	-	1,027,317
Total liability-related other changes	849,865	88,498	-	938,363
As at 31 December 2024	12,701,805	58,266	-	12,760,071

21. Trade payables

	31.12.2025	31.12.2024
	EUR	EUR
Longo Poland Sp.z.o.o.	325,403	118,399
Longo Estonia OU	253,074	251,002
Other payables to suppliers	6,035	37,551
Longo Lithuania UAB	-	50,096
Longo Latvia SIA	-	32,748
Longo Shared Services UAB	-	15,822
TOTAL:	584,512	505,618

22. Taxes and compulsory state social security contributions

	31.12.2025	31.12.2024
	EUR	EUR
Social security contributions	16,067	15,339
Personal income tax	10,503	11,911
Risk duty	5	6
Value added tax	12,219	(16,861)
TOTAL:	38,794	10,395

Including:		
Overpaid taxes	-	(16,861)
Tax liabilities	38,794	27,256

23. Other liabilities

	31.12.2025	31.12.2024
	EUR	EUR
Liabilities to employees for salaries	33,660	34,457
LIAA grant	7,159	-
TOTAL:	40,819	34,457

24. Accrued liabilities

	31.12.2025	31.12.2024
	EUR	EUR
Accrued vacation expenses	29,260	48,009
Accrued liabilities for services received	63,991	53,922
TOTAL:	93,251	101,931

25. Related party disclosures

In 2025 and 2024, income and expenses from transactions with related parties were as follows:

	2025	2024
	EUR	EUR
Subordinated bonds LV0000802544	3,000,000	3,000,000
Bond interest expenses	186,457	208,368
Bonds LV0000804987	-	269,200
TOTAL:	3,186,457	3,477,568

Key management personnel compensation

	2025	2024
	EUR	EUR
Board Members		
Remuneration	239,714	236,435
Social security contribution expenses	56,514	55,768
TOTAL:	296,228	292,203

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

26. Financial risk management

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

Financial risks

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

Market risk

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

Currency risk

According to the definition provided in IFRS 7, currency risks arise when monetary assets and liabilities are denominated in a currency other than the functional currency. As of 31 December 2025, the Company's monetary assets and liabilities are denominated in a currency that is the functional currency and therefore does not directly incur currency risks.

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

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

Interest rate risk

As of 31 December 2025, the Company's borrowings consist solely of long-term borrowings with a fixed interest rate of EUR 12 775 037 (2024: EUR 12 701 803). The Company is no longer exposed to cash flow fluctuations associated with floating rate borrowings.

The effective interest rates on loans at the end of 2025 averaged 9.11% and at the end of 2024 – 10.50%.

Concentration risk

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

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

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

	12.31.2025	12.31.2024
Latvia	4,461,692	3,986,491
Estonia	2,135,608	3,038,022
Lithuania	5,755,780	5,478,802
Belgium	181,356	667,576
The Netherlands	3,099,688	3,137,162
Poland	287,337	489,829
Germany	2,197	6,670
TOTAL:	15,923,658	16,804,552

Capital risk management

The Company's objective in managing capital, comprising net debt and total equity, is to safeguard its ability to continue as a going concern and to provide an optimal return to shareholders in the foreseeable future. Management's objective is to maintain an optimal capital and financing structure that ensures the lowest cost of capital available to the Company.

The Company complies with externally imposed capital requirements. The Company monitors equity based on the capitalization ratio set out in the Bond Prospectus. This ratio is calculated as Adjusted Equity, being the total carrying amount of the Group's total equity on consolidation increased by Subordinated Debt, divided by the Group's consolidated assets. As at 31 December 2025, this ratio was 42%. Borrowings are managed overall through ongoing monitoring and compliance with the lender's covenant requirements, as well as through planning of future borrowing needs in order to support the Company's business development.

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

These financial covenants are the following:

- 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;
- 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;
- 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 subject to.

As of 31 December 2025, all of the covenants are fulfilled with following ratios:

- 1.4x
- 42%
- 1.3x

* In accordance with the EBITDA definition set out in the terms and conditions, exceptional items not related to the ordinary course of business are excluded from the Group's EBITDA calculation. Based on management's judgement, exceptional expenses excluded from the Group's EBITDA amounted to EUR 164 thousand in 2025, while in 2024 they amounted to EUR 0. Had EBITDA not been adjusted for items not related to ordinary operating activities, the DSCR would have been 1.2x.

All figures disclosed in this note have been rounded to the nearest digit after the decimal point.

26. Financial risk management (continued)

Credit risk

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

The credit risk associated with cash and cash equivalents is limited, as the counterparties are banks with high credit ratings assigned by international credit rating agencies, as well as banks and payment systems regulated by the relevant national central banks or financial supervisory authorities. In order to diversify credit risk, Longo places its cash reserves with different banks. Cash and cash equivalents amounted to EUR 794 291 in 2025 (2024: EUR 1 797 096) and were held with 3 banks or payment systems.

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

Liquidity risk

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

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

	Contractual cash flows					
	Carrying value	On demand	Up to 1 year	2-5 years	More than 5 years	Total
31.12.2025	EUR	EUR	EUR	EUR	EUR	EUR
Liabilities						
Liabilities for issued debt securities	(12,775,037)	-	(977,846)	(14,773,421)	-	(15,751,267)
Lease liabilities	(58,700)	-	(59,970)	-	-	(59,970)
Other liabilities	(625,331)	-	(625,331)	-	-	(625,331)
Total undiscounted financial liabilities	(13,459,068)	-	(1,663,147)	(14,773,421)	-	(16,436,567)

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

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

27. Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

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

The following table shows the carrying amounts and fair value of financial liabilities, including their levels in the fair value hierarchy.

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

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

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

31 December 2025

In thousands of euro

	Notes	Carrying amount		Fair value			
			Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value							
Corporate bond-trading portfolio	16	807	807	-	-	807	807
Total assets at fair value		807	807	-	-	807	807
Financial assets not measured at fair value							
Loans to related companies	13	13,817	13,817	-	-	11,649	11,649
Total assets not measured at fair value		13,817	13,817	-	-	11,649	11,649
Financial liabilities not measured at fair value							
Issued debt securities	20	12,775	12,775	-	-	12,615	12,615
Total liabilities at fair value		12,775	12,775	-	-	12,615	12,615

31 December 2024

In thousands of euro

	Notes	Carrying amount		Fair value			
			Total	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value							
Loans to related companies	13	14,780	14,780	-	-	14,220	14,220
Total assets not measured at fair value		14,780	14,780	-	-	14,220	14,220
Financial liabilities not measured at fair value							
Issued debt securities	20	12,701	12,701	-	-	12,750	12,750
Total liabilities not measured at fair value		12,701	12,701	-	-	12,750	12,750

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

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

28. Average number of employees

	2025	2024
Average number of employees in the reporting year	14	17

29. Events after the reporting period

On 5 February 2026, Longo Group JSC settled the vested portion of share options granted to management employees. As a result of the vesting, 299 994 new C-class shares (employee shares) were issued. The total number of shares outstanding is 131 108 094. Each share is a registered share with a nominal value of EUR 0.10.

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

Edgars Cērps
Chairman of the Board

Jacob Willem Hoogenboom
Member of the Board

Oļģivija Lavrenova
Chief Accountant

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



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Independent Auditors' Report

To the shareholders of Longo Group AS

Report on the Audit of the Separate Financial Statements

Our Opinion on the Financial Statements

We have audited the accompanying financial statements of Longo Group AS ("the Company") set out on pages 5 to 26 of the accompanying Annual Report, which comprise:

- the separate statement of financial position as at 31 December 2025,
- the separate statement of comprehensive income for the year then ended,
- the separate statement of changes in equity for the year then ended,
- the separate statement of cash flows for the year then ended, and
- the notes to the separate financial statements, which include a summary of material accounting policies and other explanatory notes.

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of Longo Group AS as at 31 December 2025, and of its financial performance and its 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 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), as applicable to audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities 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 financial statements of the current period. These matters were addressed in the context of our audit of the 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.



<i>Impairment assessment of investments in subsidiaries</i>	
<i>Key audit matter</i>	<i>Our response</i>
<p>We refer to the separate financial statements: Note 2 (summary of significant accounting principles) and Note 14 (participation in the capital of related companies).</p> <p>Investments in subsidiaries as at 31 December 2025 amounted to EUR 8 068 174 (31 December 2024: EUR 8 343 174).</p> <p>If indicators of impairment exist, such as operating losses or worse-than-expected performance, the entity is required to perform an impairment test to determine whether an impairment loss has arisen, i.e. whether the recoverable amount of the investment is lower than its carrying amount.</p> <p>The recoverable value depends largely on assumptions regarding revenue growth, timing of realization of this growth, discount rates, management ability to realize these assumptions, as well as overall economic development. Negative changes in these assumptions as a result of volatility in the markets in which the subsidiaries operate may negatively affect the carrying amount of investments in subsidiaries.</p> <p>Future cash flow projections and discount rates applied to future cash flows are subject to significant management judgment and thus estimation uncertainty.</p> <p>As a consequence, there is an increased risk of a misstatement in valuation of investments in subsidiaries. Therefore, impairment assessment of investments in subsidiaries was considered by us a key audit matter.</p>	<p>Our procedures included, among others:</p> <ul style="list-style-type: none"> • understanding the process by which the accounting estimate – valuation estimate for recoverable amount (measured using value in use) - is developed; • with the involvement of our valuation specialists critically evaluating against our understanding of the Company and its subsidiaries and our market knowledge the value in use calculations provided by management with particular focus on: • the weighted average cost of capital rates used as the discount rates; • revenue, EBITDA and EBIT growth rates forecasted; • required levels of net working capital; • performing sensitivity analyses on the key assumptions to assess the potential impact of changes in these assumptions on the impairment conclusions, and • evaluating the accuracy and completeness of the separate financial statements disclosures relating to impairment testing against the relevant requirements of the financial reporting standards.

Reporting on Other Information

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

- Information about the Company, as set out on page 3 of the accompanying Annual Report,
- the Management Report, as set out on page 4 of the accompanying Annual Report,



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

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

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

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

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

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

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

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

In accordance with the 'Law on Audit Services' of the Republic of Latvia with respect to the Statement of Corporate Governance, our responsibility is to consider whether the Statement of Corporate Governance includes the information required in section 56.², second paragraph, clause 5, and third paragraph of the 'Financial Instruments Market Law' of the Republic of Latvia and if it includes the information stipulated in section 56.² second paragraph, clauses 1, 2, 3, 4, 7 and 8 of the 'Financial Instruments Market Law' of the Republic of Latvia.

In our opinion, the Statement of Corporate Governance includes the information required in section 56.², second paragraph, clause 5, and third paragraph of the 'Financial Instruments Market Law' of the Republic of Latvia and if it includes the information stipulated in section 56.² second paragraph, clauses 1, 2, 3, 4, 7 and 8 of the 'Financial Instruments Market Law' of the Republic of Latvia.

Furthermore, in accordance with the 'Law on Audit Services' of the Republic of Latvia with respect to the Non-financial Statement our responsibility is to report whether the Company has prepared the Non-financial Statement and whether the Non-financial Statement is included in the management Report or prepared as a separate element of the Annual Report or is included in the consolidated non-financial statement of the Company's parent company.



We report that the Company is not required to prepare Non-financial Statement.

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

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

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

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

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.



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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 9 October 2025 to audit the financial statements of Longo Group AS for the year ended 31 December 2025. Our total uninterrupted period of engagement is 5 years, covering the periods ending 31 December 2021 to 31 December 2025.

We confirm that:

- our audit opinion is consistent with the additional report presented to the Audit Committee of the Company;
- we have not provided to the Company the prohibited non-audit services (NASs) referred to in Article 5(1) of EU Regulation (EU) No 537/2014 and specified in paragraph 37.⁶ of the 'Law on Audit Services' of the Republic of Latvia. We also remained independent of the audited entity in conducting the audit.

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

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

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

- the preparation of the financial statements in the applicable xHTML format;
- the design, implementation and maintenance of internal control relevant to the application of the RTS on ESEF.

Those charged with governance are responsible for overseeing the 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, evaluating the appropriateness of the format of the 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 Company as at and for the year ended 31 December 2025 has been prepared, in all material respects, in accordance with the requirements of the RTS on ESEF.

The responsible certified auditor on the audit resulting in this independent auditors' report is Rainers Vilāns.

KPMG Baltics SIA
Licence No. 55

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

23 April 2026



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