Longo Group JSC

Unified registration number 42103081417

Consolidated **Financial Statements**

For the year ended 31.12.2025

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

Audited

Latvia, 2026

Contents

General Information

Name of the Parent Group	Longo Group	
Legal status of the Parent Group	Joint Stock Company	
Unified registration number, place and date of registration	42103081417, Riga, Latvia, 30 October 2017	
Registered office	Mūkusalas iela 72A, Riga, Latvia	
Shareholders		31.12.2025
	SIA ALPPES Capital	45.18%
	Other shareholders	54.82%
	TOTAL	**100%**
Board Members	Edgars Cērps - Chairman of the Board from 28.12.2020 Jacob Willem Hoogenboom - Member of the Board from 28.12.2020	
Council Members	Aigars Kesenfelds - Chairman of the Council from 28.12.2020 until 27.06.2025 Māris Keišs - Deputy of the Council from 01.03.2021 until 03.07.2025, Chairman of the Council from 04.07.2025 Alberts Pole - Member of the Council from 01.03.2021, Deputy of the Council from 04.07.2025 Kristaps Ozols - Member of the Council from 01.03.2021 Jonathan Neil Smith - Member of the Council from 01.03.2021	
Subsidiaries	Longo Latvia LLC, Latvia (100%) Longo LT LLC, Lithuania (100%) Longo Estonia LLC, Estonia (100%) Longo Shared Services LLC, Lithuania (100%) Longo Netherlands LLC, Netherlands (100%) Longo Belgium LLC, Belgium (100%) Maxxus LLC, Germany (100%) Longo Poland LLC, Poland (100%) Longo IP Holdings LLC, Latvia (100%)	
Financial period	01.01.2025 - 31.12.2025	
Previous financial period	01.01.2024 - 31.12.2024	

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

Wide assortment

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

Convenient and safe

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

Highest standards

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

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

01 Sourcing - Car Purchasing Operations

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

02 Preparation Operations

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

03 Sales Operations

Longo stores markets and sells cars in the Baltics and Poland

04 Aftersales

Longo also provides aftersales warranty and reengages customers for next purchase

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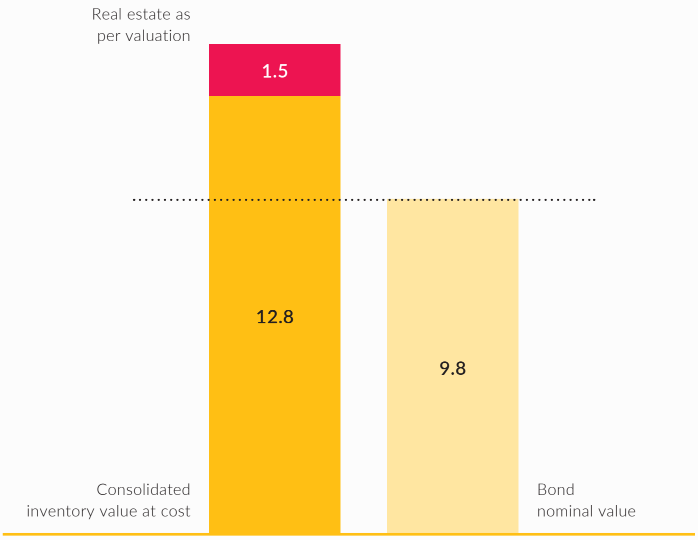
Longo collateral comfortably covers the nominal value of issued secured bonds

Values in M EUR

As of 31 Dec 2025



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Management Report

20 APRIL 2026

Business results

2025 was a year that presented challenges to Longo Group and used car industry in the Baltics, testing the original growth strategy via physical expansion and increase in inventory of the Group.

During the second part of the year management adjusted the 2025 strategy. Focus was shifted toward profitability, prioritizing the Baltics and deprioritizing growth initiatives in Poland. As a result, full year total gross profit increased by 15.1% or EUR 1 million to EUR 7.7 million and total gross margin improved to 17.5% (2024: 14.9%) - driven mainly by improved sourcing discipline, stronger preparation controls and higher income from value added services.

In 2025, Longo Group generated total revenue of EUR 43.9 million, a slight decrease of 1.3% compared to 2024. The revenue decline was primarily driven by weaker demand in Estonia after the introduction of additional ownership costs, including an annual motor vehicle tax and a one-time registration fee, which temporarily affected purchasing decisions. As the market adjusted, sales volumes started to stabilize, enabling the Group to focus on monetization per car sold and operational efficiency.

EBITDA increased to EUR 1.4 million (2024: EUR 1.0 million), reflecting higher gross profitability and continued administrative cost reductions across the Group.

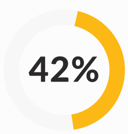
Despite the improvements achieved, the Group recorded a loss for the period of EUR (1.2) million (2024: EUR (1.1) million). The result mainly reflects the operating cost base and financing costs associated with building a platform for higher revenues that did not materialize in 2025, also EUR (0.2) million of one time exceptional items which are not in line with the ordinary course of business are reflected in the result.

With the profitability measures now embedded and cost discipline strengthened, management expects the Group to reach break even in Q1 2026, subject to market conditions.

Future prospects

Looking ahead, management remains focused on sustainable profitability. Key priorities for 2026 include further gross margin improvement through disciplined sourcing, high demand assortment selection, continued enhancement of vehicle preparation workflows, and stronger monetisation via value added services. The Group will maintain tight control over administrative costs and concentrate on profitable growth opportunities, with the Baltics as the primary focus. In Poland, the approach will be selective and profitability-led, prioritising returns over rapid expansion. As the Estonian market continues to adjust to the new taxation environment, management expects the stabilisation of volumes to support the Group's path toward profitability.

Equity ratio
As of 31 Dec 2025



EUR	2025 FY	2024 FY
Revenue	43.9 mln	44.4 mln
Gross profit	7.7 mln	6.7 mln
Gross margin	17.5%	15%
EBITDA*	1.4 mln	1.0 mln

"In 2025, Longo validated the effectiveness of our profitability focus. While Group revenue decreased slightly to EUR 43.9 million, largely due to the temporary demand shock in Estonia following the new motor vehicle taxation framework, we significantly strengthened operational performance. Total gross margin improved to 17.5% and EBITDA increased to EUR 1.4 million.

The Group reported a net loss in 2025, as expenses were incurred in the beginning of the year to build the profitability platform that was successfully rolled out in the second part of the year."

Edgars Cērps
Group CEO and Co-Founder

Largest used car dealer in the Baltics

* 2025 EBITDA is adjusted by EUR (0.2) million of one time exceptional items which are not in line with the ordinary course of business.

Corporate governance statement

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

Risk management

Credit risk

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

As at 31 December 2025, the Group also held investments in bonds. These instruments were disposed of before the date of issuing of these consolidated financial statements at the same price they were purchased. The associated credit risk was assessed as limited, considering the credit profile of the issuers, liquidity of Latvian capital market and the short duration of exposure.

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

Interest rate risk

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

Capital risk

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

The Group monitors equity capital on the basis of the capitalization ratio as defined in Bond prospectus. This ratio is calculated as ratio of Adjusted Equity (the aggregate book value of the Group's total equity on a consolidated basis, increased by Subordinated Debt) to consolidated assets of the Group. Ratio as at 31 December 2025 was 42%. Overall management of the borrowings is driven by monitoring and complying with the lender imposed covenants as well as planning the further borrowing needs to ensure business development of the Group.

Liquidity risk

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

Events after the reporting period

On February 5, 2026 Longo Group AS has exercised vested part of share options for management employees. As the result of vesting 299 994 new class C shares (employee shares) were issued. The total number of shares amount to 131 108 094. Each share is a registered share with nominal value of EUR 0.10.

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

Signed on behalf of the Group on 20 April 2026 by:

Edgars Cērps
Chairman of the Board

Jacob Willem Hoogenboom
Member of the Board

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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.

On behalf of the Management Board

Edgars Cērps
Chairman of the Board
Longo Group JSC

Jacob Willem Hoogenboom
Member of the Board
Longo Group JSC

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Consolidated Financial Statements

Consolidated Statement of **Comprehensive Income**

	Notes	2025 EUR	2024 Reclassified EUR
Revenues	4	43 860 167	44 420 887
Cost of sales	5	(36 195 087)	(37 763 173)
Gross profit		**7 665 080**	**6 657 714**
Selling expenses	6	(1 717 733)	(1 440 773)
Administrative expenses	7	(5 759 946)	(5 286 913)
Other operating income	8	97 671	109 546
Other operating expenses	9	(159 942)	(50 763)
Other income from interest and similar income	10	13 659	50 968
Interest expenses and similar expenses	11	(1 396 015)	(1 146 864)
Net operating expenses		**(8 922 306)**	**(7 764 799)**
EBITDA*		**1 434 967**	**962 106**
Loss before tax		**(1 257 226)**	**(1 107 085)**
Income tax	12	7 875	20 572
Net loss for the period		**(1 249 351)**	**(1 086 513)**
Other comprehensive loss *Items that are or may be reclassified subsequently to profit or loss*			
Translation of financial information of foreign operations to presentation currency		**(5 753)**	**(63 899)**
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(1 255 104)**	**(1 150 412)**

The accompanying notes on pages 16 to 48 are an integral part of these consolidated financial statements.

Signed on behalf of the Group on 20 April 2026 by:

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Chairman of the Board

Jacob Willem Hoogenboom
Member of the Board

Olīvija Lavrenova
Group Chief Accountant

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* 2025 EBITDA is adjusted by EUR (0.2) million of one time exceptional items which are not in line with the ordinary course of business.

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Consolidated Statement of **Financial Position**

ASSETS

NON-CURRENT ASSETS	Notes	31.12.2025 EUR	31.12.2024 EUR
Intangible assets			
Intangible assets	13	1 090 666	1 115 488
Intangible assets development costs	13	551	581
Total intangible assets		**1 091 217**	**1 116 069**
Tangible assets			
Right-of-use assets	14	1 563 538	1 645 438
Property and equipment	14	2 368 190	438 176
Leasehold improvements	14	79 789	71 774
Construction in progress	14	-	1 750 462
Total tangible assets		**4 011 517**	**3 905 850**
Deferred tax assets	12	378 427	366 932
Total other non-current assets		**378 427**	**366 932**
TOTAL NON-CURRENT ASSETS		**5 481 161**	**5 388 851**
CURRENT ASSETS			
Inventories			
Goods for resale and raw materials	15	12 895 468	12 870 451
Work in progress	15	40 708	137 507
Total inventories		**12 936 176**	**13 007 958**
Receivables and other current assets			
Other assets	16	270 782	762 498
Prepayments to suppliers and similar	17	430 471	858 629
Trade and other receivables	18	232 157	115 363
Contract assets	19	125 794	148 399
Total receivables and other current assets		**1 059 204**	**1 884 889**
Short-term financial investments			
Other investments	20	807 433	-
Total short-term financial investments		**807 433**	**-**
Cash and cash equivalents	21	**988 192**	**2 206 214**
TOTAL CURRENT ASSETS		**15 791 005**	**17 099 061**
TOTAL ASSETS		**21 272 166**	**22 487 912**

The accompanying notes on pages 16 to 48 are an integral part of these consolidated financial statements.

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Member of the Board

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Consolidated Statement of **Financial Position**

EQUITY AND LIABILITIES

EQUITY	Notes	31.12.2025 EUR	31.12.2024 EUR
Share capital	22	13 080 810	13 034 872
Share premium	22	250 000	250 000
Share-based payment reserve	23	29 999	27 014
Subordinated debt restructuring reserve	24	174 962	174 962
Foreign currency translation reserve		(65 120)	(59 367)
Accumulated losses/Retained earnings			
brought forward		(6 499 503)	(5 412 990)
for the period		(1 249 351)	(1 086 513)
TOTAL EQUITY		**5 721 797**	**6 927 978**

LIABILITIES			
Non-current liabilities			
Loans and borrowings	24	13 339 416	13 345 628
Total non-current liabilities		**13 339 416**	**13 345 628**
Current liabilities			
Loans and borrowings	24	1 075 667	1 075 010
Trade payables		374 868	440 549
Taxes payable	25	347 998	330 014
Corporate income tax		1 811	2 597
Other liabilities	26	100 513	89 395
Accrued liabilities	27	310 096	276 741
Total current liabilities		**2 210 953**	**2 214 306**
TOTAL LIABILITIES		**15 550 369**	**15 559 934**
TOTAL EQUITY AND LIABILITIES		**21 272 166**	**22 487 912**

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Consolidated Statement of
Changes in Equity

	Notes	Share capital	Share premium	Foreign currency translation reserve	Other Reserves	Retained earnings / Accumulated loss	Total
Balance at 01.01.2024		**13 017 058**	**250 000**	**4 532**	**12 215**	**(5 412 990)**	**7 870 815**
Total comprehensive income							
Loss for the period		-	-	-	-	(1 086 513)	**(1 086 513)**
Other comprehensive income		-	-	(63 899)	-	-	**(63 899)**
Total comprehensive income for the period		**-**	**-**	**(63 899)**	**-**	**(1 086 513)**	**(1 150 412)**
Transactions with owners of the Group							
Contributions and distributions							
Issues of ordinary shares		17 814	-	-	(874)	-	**16 940**
Equity-settled share-based payment		-	-	-	15 673	-	**15 673**
Subordinated debt restructuring reserve		-	-	-	174 962	-	**174 962**
Total transactions with owners of the Group		**17 814**	**-**	**-**	**189 761**	**-**	**207 575**
Balance at 31.12.2024		**13 034 872**	**250 000**	**(59 367)**	**201 976**	**(6 499 503)**	**6 927 978**
Balance at 01.01.2025		**13 034 872**	**250 000**	**(59 367)**	**201 976**	**(6 499 503)**	**6 927 978**
Total comprehensive income							
Loss for the period		-	-	-	-	(1 249 351)	**(1 249 351)**
Other comprehensive income		-	-	(5 753)	-	-	**(5 753)**
Total comprehensive income for the period		**-**	**-**	**(5 753)**	**-**	**(1 249 351)**	**(1 255 104)**
Transactions with owners of the Group							
Contributions and distributions							
Equity-settled share-based payments	22, 23	45 938	-	-	2 985	-	**48 923**
Total transactions with owners of the Group		**45 938**	**-**	**-**	**2 985**	**-**	**48 923**
Balance at 31.12.2025		**13 080 810**	**250 000**	**(65 120)**	**204 961**	**(7 748 854)**	**5 721 797**

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Member of the Board

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Group Chief Accountant

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Consolidated Statement of **Cash Flows**

Cash flows to/from operating activities	Notes	2025 EUR	2024 EUR
Profit/ (loss) before tax		(1 257 226)	(1 107 085)
Adjustments for:			
Amortization and depreciation	13,14	1 152 700	1 157 363
Interest expense	11	1 375 639	1 111 482
Interest income	10	(13 659)	(50 968)
(Gain) / Loss from disposal of PPE and termination of lease contracts		(2 548)	46 871
Equity settled share based payments	22, 23	48 923	32 613
Recognition of bond issuance cost expense	24	4 916	-
Cash flow from operating activities before working capital changes		**1 308 745**	**1 190 276**
(Increase)/ decrease in inventories		71 782	(348 332)
(Increase)/ decrease in trade and other receivables		803 080	(300 874)
(Decrease)/ increase in advances received and trade payables		(36 579)	36 400
(Decrease)/ increase in accrued liabilities		33 355	(152 121)
(Increase)/ decrease in accrued income		22 606	(12 826)
Cash flows used in/from operations		**2 202 989**	**412 523**
Corporate income tax paid		(4 406)	(1 541)
Net cash flows from operating activities		**2 198 583**	**410 982**
Cash flows to/from investing activities			
Other securities acquired	20	(800 000)	-
Payments for acquisition of securities	20	(2 444)	-
Interest received	10, 20	8 670	49 164
Acquisition of property and equipment and other intangible assets	13, 14	(670 629)	(2 274 316)
Proceeds from sale of other securities		-	1 000 000
Payments for sale of other securities		-	4 471
Net cash flows to/from investing activities		**(1 464 403)**	**(1 220 681)**
Cash flows to/from financing activities			
Bonds repaid	24	(204 500)	(1 828 170)
Repayment of liabilities for right-of-use assets	24	(640 374)	(719 764)
Interest paid	24	(998 848)	(634 902)
Repayments of borrowings issuance costs	24	(11 979)	(327 109)
Cash payments for the interest portions of lease liabilities	24	(90 748)	(66 875)
Bonds issued	24	-	5 402 000
Mortgage loan received	24	-	800 000
Mortgage loan repaid	24	-	(800 000)
Net cash flows to/from financing activities		**(1 946 449)**	**1 825 180**
Change in cash		**(1 212 269)**	**1 015 481**
Effects of currency translation on cash and cash equivalents		**(5 753)**	**(62 365)**
Cash at the beginning of the period		2 206 214	1 253 098
CASH AT THE END OF THE PERIOD	21	**988 192**	**2 206 214**

The accompanying notes on pages 16 to 48 are an integral part of these consolidated financial statements.

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Edgars Cērps
Chairman of the Board

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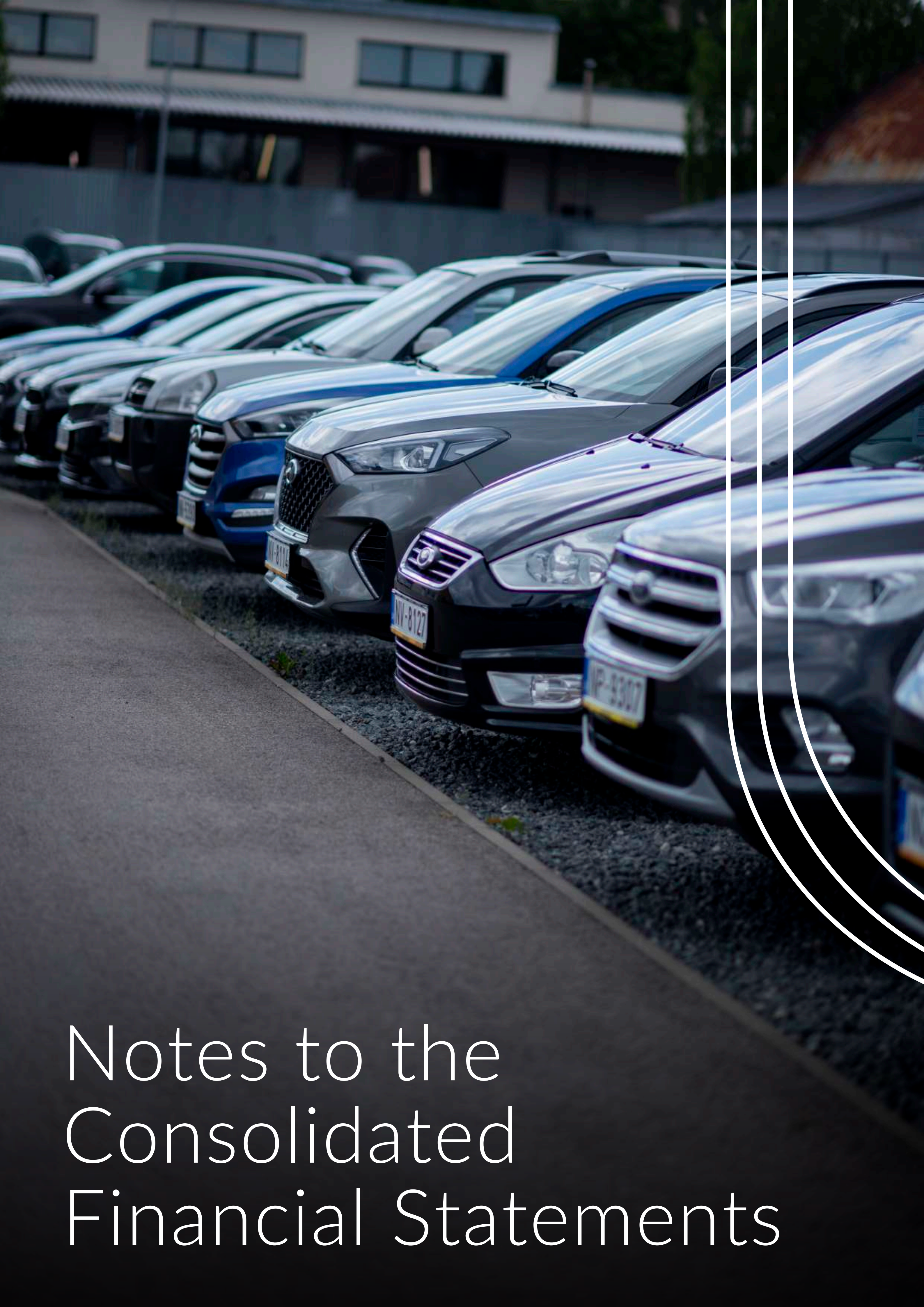

Notes to the Consolidated Financial Statements

1. Corporate information

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

The consolidated financial statements of the Group include:

				% equity interest	
Subsidiary name	**Registration number**	**Country of incorporation**	**Principal activities**	**2025**	**2024**
Longo Group JSC	42103081417	Latvia	Holding activity	-	-
Longo Latvia LLC	40203147079	Latvia	Car sales	100%	100%
Longo LT LLC	304837699	Lithuania	Car sales	100%	100%
Longo Estonia LLC	14554950	Estonia	Car sales	100%	100%
Longo Shared Services LLC	305217797	Lithuania	Car repair services	100%	100%
Longo Netherlands LLC	71706267	Netherlands	Car procurement	100%	100%
Longo Belgium LLC	BE 0881764642	Belgium	Car procurement	100%	100%
Maxxus LLC	HRB18213	Germany	Car procurement	100%	100%
Longo Poland LLC	9662161899	Poland	Car sales	100%	100%
Longo IP Holdings LLC	40203527894	Latvia	Leasing of intellectual property and similar products, except copyrighted works	100%	100%

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

Foreign currency denominated transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or if items have been revalued, at the measurement dates exchange rates. Foreign exchange gains and losses arising in respect of business operations, such as sales and purchases, are recognized in EBIT. Foreign exchange differences arising from financing transactions are recognized in finance costs.

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

Consolidated annual report of 2025 has been approved by decision of the board on 20 April 2026.

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

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

2. Summary of significant accounting policies

BASIS OF PREPARATION

These consolidated annual financial statements as of and for the year ended 31.12.2025 are prepared in accordance with IFRS Accounting Standards as adopted in the European Union (further Accounting Standards).

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

New standards, interpretations and amendments not yet effective.

A number of new standards or amendments to standards issued or amended that affected financial year, the Group has no transactions that are affected by the newly effective standards or amendments to standards, including:

- Lack of Exchangeability – (Amendments to IAS 21).

The following amendments are effective for the period beginning after 1 January 2025 and earlier application is permitted. Except for IFRS 18 Presentation and Disclosure in Financial Statements, which is expected to impact the presentation and disclosures in the consolidated financial statements, the standards listed below are not expected to have a significant impact on the Longo Group consolidated financial statements:

- 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 (Not yet endorsed);
- 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).

Significant accounting principles:

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

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

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

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2. Summary of significant accounting policies (continued)

Reclassifications in comparative figures

Management has determined that leasing preparation and reservation income is integral part of the Group's core business operations, as they are directly attributable to the Group's activities. Consequently, a decision was made to reclassify commission income from Other Operating Income to Revenue. As a result of the reclassification, the net result for 2024 was not impacted.

REVENUE FROM VEHICLE SALES

	2024 as reported EUR	Reclassification EUR	2024 restated EUR
Revenue from contracts with customers recognised point in time:			
Revenue from vehicle sales	42 141 223	46 860	42 188 083
Revenue from transportation services	26 411	-	26 411
Commissions from lease and insurance companies			
Recognised at point in time	2 092 143	-	2 092 143
Recognised over time	114 250	-	114 250
TOTAL:	**44 374 027**	**46 860**	**44 420 887**

OTHER OPERATING INCOME

	2024 as reported EUR	Reclassification EUR	2024 restated EUR
Other operating income			
Leasing preparation and reservation fees	46 860	(46 860)	-
Other operating income	109 546	-	109 546
TOTAL:	**156 406**	**(46 860)**	**109 546**

BASIS OF CONSOLIDATION

The financial statements of the subsidiaries are prepared for the same reporting period as for the Parent company, using consistent accounting policies. The consolidated financial statements comprise the financial statements of the Parent company (Longo Group JSC) and its subsidiaries as at 31 December 2025.

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

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

If the Group loses control over a subsidiary, it:

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

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2. Summary of significant accounting policies (continued)

INTERNALLY GENERATED INTANGIBLE ASSETS

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

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

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

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

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

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

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

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

Additional information is included in Notes 3 and 13.

LICENSES AND OTHER INTANGIBLE ASSETS

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

Other intangible assets mainly consist of acquired computer software products.

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

Other intangible assets - acquired IT Systems	over 7 years.

PROPERTY AND EQUIPMENT

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

Buildings	over 45 years;
Computers	over 3 years;
Furniture	over 5 years;
Vehicles	over 7 years;
Leasehold improvements	according to lease term;
Other equipment	over 3 years.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The carrying values of equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of equipment is the higher of an asset's net selling price and its value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the statement of comprehensive income in the impairment expense caption.

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

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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 Group becomes a party to the contractual provisions of the instrument.

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

Classification and subsequent measurement

Financial assets

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

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

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

Financial assets at amortised cost

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

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

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Impairment

Non-derivative financial assets

Financial instruments and contract assets

The Group recognises loss allowances for ECLs on:

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

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

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

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

Measurement of ECLs

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

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

Presentation of allowance for ECL in the statement of financial position

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

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

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2. Summary of significant accounting policies (continued)

FINANCIAL INSTRUMENTS

Write-off

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

Cash and cash equivalents

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

OPERATING LEASE – GROUP AS LESSEE
LEASE LIABILITY

Initial recognition

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

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

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

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

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

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

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

Subsequent measurement

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

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

RIGHT-OF-USE ASSETS

Initial recognition

At the commencement date of the lease, the Group recognises right-of-use asset at cost. The cost of a right-of-use asset comprises:

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

Subsequent measurement

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

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

2. Summary of significant accounting policies (continued)

Initial recognition exemptions applied

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

a) Short term leases – for all classes of underlying assets; and

b) Leases of low-value assets – on a lease-by-lease basis.

For leases qualifying as short-term leases and/or leases of low-value assets, the Group does not recognise a lease liability or right-of-use asset. The Group recognises the lease payments associated with those leases as an expense on either a 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 Group defines a low-value asset as one that:

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

INVENTORIES

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

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

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

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

CASH AND CASH EQUIVALENTS

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

VACATION PAY RESERVE

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

RESERVES

Share-based payment reserve

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

PROVISIONS

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

PENSIONS

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

ACCRUALS AND DEFERRALS

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

CONTINGENCIES

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

SHARE-BASED PAYMENTS

Equity-settled transactions

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

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

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

INCOME AND EXPENSES

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

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

The effective interest rate method

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

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

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

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

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

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

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

The Group is recognizing accruals for the potential warranty costs at the moment when car is sold. The amount of accruals is based on historical statistics about realized warranty costs and estimated trend of the costs. As at December 31, 2025 Group had accrued 7 618 EUR for the potential warranty expenses (2024: 5 951 EUR). Actual warranty costs have increased concurrently as the sales volumes have grown.

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

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

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

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

Payment terms for goods or services transferred to customers according to contract terms are within 1 to 5 days from the provision of services or sale of goods. The transaction price is generally determined by the contractually agreed conditions. Invoices typically are issued after the goods have been sold or service provided.

CONTRACT BALANCES

Contract assets

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

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

EUR	31.12.2025	31.12.2024
Contract based assets	125 794	148 399

Trade receivables

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

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

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

Contract liabilities

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

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customer.

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

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

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

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

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2. Summary of significant accounting policies (continued)

Sale of motor vehicles

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

Commission Revenue

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

INCOME TAXES

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

Current corporate income tax rates for the foreign subsidiaries are:

Country	Tax rate
Latvia	20%
Lithuania	16%
Estonia	22%
Netherlands	25.8%
Belgium	25%
Germany	30%
Poland	19%

DEFERRED TAX ASSETS AND LIABILITIES

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

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

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

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

2. Summary of significant accounting policies (continued)

RELATED PARTIES

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

SEGMENT REPORTING

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

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

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

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

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

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

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

SUBSEQUENT EVENTS

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

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3. Significant accounting judgments, estimates and assumptions

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, and disclosure of contingencies. The significant areas of estimation used in the preparation of the financial statements relate to capitalization of development costs, initial recognition of rights-of-use assets, recoverability of deferred tax asset, NRV for inventory, fair value of employee share options and other financial investments (corporate bond-trading portfolio at FVTPL). Although these estimates are based on the management's best knowledge of current events and actions, the actual results may ultimately differ from those estimates.

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

INITIAL RECOGNITION OF RIGHTS-OF-USE ASSETS

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

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

CAPITALIZATION OF DEVELOPMENT COSTS

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

Expenses from amortization of capitalized development costs are included in statement of comprehensive income caption "Administrative expense".

FAIR VALUE OF EMPLOYEE SHARE OPTIONS

Group's employees have entered a share option agreements with Longo Group JSC. Under the agreements respective employees obtain rights to acquire Longo Group shares under several graded vesting scenarios. In estimating fair value for the share option the most appropriate valuation model would depend on the terms and conditions of the grant.

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

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

Estimates of actual or expected forfeitures are re-estimated at each reporting date and if necessary, previously recognised other reserves are reversed directly to the retained earnings. After deferral period, when vesting conditions are met and conditional share option exercised, previously recognised other reserves are transferred to issued share capital and share premium accounts. **See Note 23.**

OTHER FINANCIAL INVESTMENTS (CORPORATE BOND-TRADING PORTFOLIO AT FVTPL)

The Group classifies financial investments as measured at fair value through profit or loss when they are acquired principally for the purpose of selling in the near term, are managed on a fair value basis, or do not meet the criteria for measurement at amortised cost or at fair value through other comprehensive income.

Subsequent to initial recognition, such investments are measured at fair value at the end of each reporting period. Gains and losses arising from changes in fair value, including interest income and realised gains or losses on disposal, are recognised in profit or loss in the period in which they arise.

Fair value is determined based on quoted market prices in active markets at the reporting date, where such prices are available. Where quoted market prices are not available, fair value is determined using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. Such valuation techniques may include reference to recent arm's length market transactions, discounted cash flow models, broker quotes, or valuation based on comparable financial instruments. The chosen valuation technique reflects how market participants would price the instrument under current market conditions.

LEASE TERM DETERMINATION UNDER IFRS 16 (GROUP AS A LESSEE)

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

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

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

LEASE LIABILITY INCREMENTAL BORROWING RATE DETERMINATION UNDER IFRS 16 (GROUP AS A LESSEE)

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

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

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

INVENTORIES NET REALIZABLE VALUE AND WRITE-OFFS

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

At each reporting date, a detailed review for net realizable value is performed for inventory. As at 31 December 2024, the Group concluded that adjustment in amount of EUR 150 000 to net realizable value should be expensed through profit or loss in year 2024. During 2025, this adjustment was reversed as the related inventories were sold. Based on management's analysis of profit margins for cars sold in 2026, a new adjustment to net realizable value of EUR 99 922 was recognised through profit or loss as at 31 December 2025.

RECOVERABILITY OF DEFERRED TAX ASSET

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

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

INTANGIBLE ASSETS

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

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

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4. Revenues

	2025 EUR	2024 Reclassified* EUR
Revenue from contracts with customers recognised point in time:		
Revenue from vehicle sales	41 070 318	42 188 083
Revenue from transportation services	348 212	26 411
TOTAL:	**41 418 530**	**42 214 494**
Revenue from vehicle sales by countries:		
Lithuania	22 764 687	20 187 963
Latvia	11 249 513	10 953 702
Estonia	4 518 831	8 809 075
Poland	2 885 499	2 263 754
TOTAL:	**41 418 530**	**42 214 494**

Commissions from lease and insurance companies		
Recognised at point in time	2 334 030	2 092 143
Recognised over time	107 607	114 250
TOTAL:	**2 441 637**	**2 206 393**
Commissions by countries:		
Lithuania	1 392 165	1 136 802
Latvia	725 599	599 077
Estonia	271 794	439 565
Poland	52 079	30 949
TOTAL:	**2 441 637**	**2 206 393**
TOTAL:	**43 860 167**	**44 420 887**

**Certain comparative amounts for 2024 have been reclassified to conform with the current year presentation. See Note 2 – Summary of significant accounting policies.*

Essential business models and revenue recognition methods

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

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

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

Performance obligations

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

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5. Cost of sales

	2025 EUR	2024 EUR
Cost of cars sold	36 195 087	37 763 173
TOTAL:	**36 195 087**	**37 763 173**

6. Selling expenses

	2025 EUR	2024 EUR
Online advertising and marketing	1 349 574	1 198 830
Cars selling expenses	167 869	164 995
Marketing fees	176 289	49 987
Total marketing expenses	**1 693 732**	**1 413 812**
Other selling expenses	24 001	26 961
TOTAL:	**1 717 733**	**1 440 773**

7. Administrative expenses

	2025 EUR	2024 EUR
Employees' salaries	2 904 529	2 677 148
Amortization and depreciation	1 152 701	1 157 363
Social tax contributions	326 917	302 294
Office and branches' maintenance expenses	279 870	301 995
Other personnel expenses	238 547	204 450
IT services	217 285	190 511
Professional services	198 406	135 180
Audit fees*	106 322	79 197
Other administrative expenses	71 457	52 428
Transportation expenses	52 868	14 552
Insurance	52 098	50 830
Legal services	42 756	15 902
Representation	38 749	29 933
Communication expenses	22 034	24 244
Business trips	23 736	20 017
Recruitment fees	18 648	19 338
Bank commissions	13 023	11 531
TOTAL:	**5 759 946**	**5 286 913**

Audit fees include remuneration for statutory audit services provided to the Group in the amount of EUR 105 922 in 2025 and EUR 78 797 in 2024, and EUR 400 for translation services in each year.

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8. Other operating income

	2025 EUR	2024 Reclassified EUR
Other operating income	97 671	109 546
TOTAL:	**97 671**	**109 546**

9. Other operating expenses

	2025 EUR	2024 EUR
Other operating expenses	107 847	6 694
BPM* expenses	34 979	32 481
Other taxes	14 741	8 470
Penalty fees paid	2 375	705
Donations	-	2 400
Write-offs of bad debts	-	13
TOTAL:	**159 942**	**50 763**

*BPM is a special tax on vehicles in the Netherlands.

10. Other income from interest and similar income

	2025 EUR	2024 EUR
Interest income on bonds acquired	7 072	34 111
Interest income from bank deposit	6 587	16 857
TOTAL:	**13 659**	**50 968**

11. Interest expenses and similar expenses

	2025 EUR	2024 EUR
Interest expenses on issued bonds	1 283 643	1 024 828
Interest expenses on lease liabilities	91 996	68 545
Other financial expenses	20 376	35 382
Interest expenses on loan facilities	-	18 109
TOTAL	**1 396 015**	**1 146 864**

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12. Corporate income tax payable

	2025 EUR	2024 EUR
Deferred corporate income tax due to changes in temporary differences	11 495	24 414
Current corporate income tax charge for the reporting year	(3 620)	(3 842)
Corporate income tax charged to the income statement:	**7 875**	**20 572**

Deferred corporate income tax

Change in net deferred corporate income tax asset:

	2025 EUR	2024 EUR
At the beginning of the period	366 932	342 518
Charge to statement of income	11 495	24 414
Net deferred income tax asset at the period end:	**378 427**	**366 932**

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

	2025 EUR	2024 EUR
Profit before tax	**(1 257 226)**	**(1 107 085)**
Income tax rate	**20%**	**20%**
Tax calculated at the applicable tax rate	**(251 445)**	**(221 417)**
Undistributed earnings taxable on distribution*	**266 295**	**145 915**
Non-deductible expenses	22 021	20 423
Effect of different tax rates of subsidiaries operating in other jurisdictions	8 507	540
Unrecognized deferred tax asset	630	31 205
Other non-temporary differences**	(53 883)	2 762
Actual corporate income tax for the reporting year	**(7 875)**	**(20 572)**
Corporate income tax charged to the statement of comprehensive income:	**(7 875)**	**(20 572)**

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

** Other non-temporary differences contain impact of consolidation adjsutments.

Deferred corporate income tax:

	Statement of financial position		Statement of income	
	31.12.2025 EUR	**31.12.2024 EUR**	**31.12.2025 EUR**	**31.12.2024 EUR**
Deferred corporate income tax liability				
Accelerated depreciation for tax purposes	10 641	200	10 441	(1 275)
Other	2 203	6 932	(4 729)	4 631
Gross deferred corporate income tax liabilities	**12 844**	**7 132**	**5 712**	**3 356**
Deferred corporate income tax asset				
Tax loss carried forward	(380 233)	(361 148)	(19 085)	(24 320)
Unused vacation accrual	(11 038)	(12 916)	1 878	(3 450)
Gross deferred corporate income tax assets	**(391 271)**	**(374 064)**	**(17 207)**	**(27 770)**
Net deferred corporate income tax assets prior to the reversal of deferred tax	**(378 427)**	**(366 932)**	**(11 495)**	**(24 414)**
Net deferred corporate income tax assets	(378 427)	(366 932)		
Net deferred corporate income tax expense/ (benefit)			(11 495)	(24 414)

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

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

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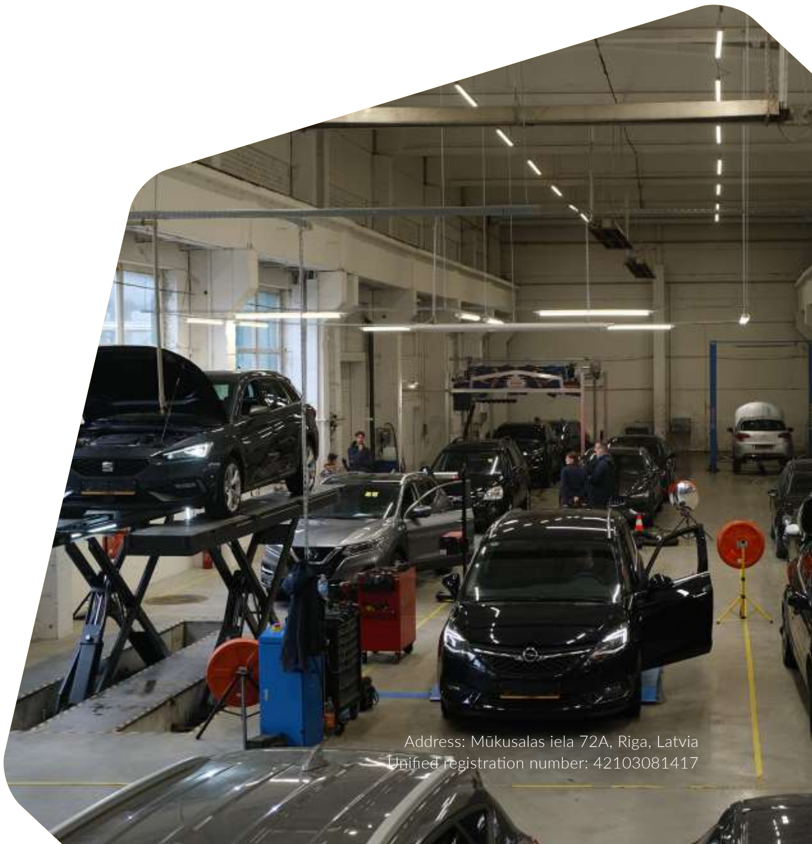
13. Intangible assets

	Licenses	Internally generated intangible assets	Intangible assets development costs	Other intangible assets	Total intangible assets
Cost	7 175	1 323 476	504	2 201	**1 333 356**
Accumulated depreciation	(1 078)	(370 260)	-	(1 454)	**(372 792)**
As at 1 January 2024	**6 097**	**953 216**	**504**	**747**	**960 564**
2024					
Additions	-	60 158	320 210	-	**380 368**
Amortization charge	(1 374)	(223 412)	-	(153)	**(224 940)**
Transfer	-	320 133	(320 133)	-	**-**
FX effect	-	76	-	-	**76**
Cost	7 175	1 703 844	581	2 201	**1 713 801**
Accumulated amortization	(2 452)	(593 673)	-	(1 607)	**(597 732)**
As at 31 December 2024	**4 723**	**1 110 171**	**581**	**594**	**1 116 069**
2025					
Additions	4 556	39 315	206 804	-	**250 675**
Amortization charge	(1 977)	(273 454)	-	(153)	**(275 584)**
Transfer	-	206 834	(206 834)	-	**-**
FX effect	-	57	-	-	**57**
Cost	11 731	1 950 050	551	2 201	**1 964 533**
Accumulated amortization	(4 429)	(867 127)	-	(1 760)	**(873 316)**
As at 31 December 2025	**7 302**	**1 082 923**	**551**	**441**	**1 091 217**

As of the end of 2025, Management has performed an impairment test of Group companies that are benefiting from the Intangible assets (IT systems) created internally with the following assumptions: 7% growth in 2026, 8% growth in 2027 and 9% growth in 2028, terminal revenue growth assumption of 2%, EBITDA margin in the range of 2% to 4% and weighted average cost of capital (WACC) - 10.5%. As of the end of 2024, Management had performed an impairment test of Group companies that were benefiting from the Intangible assets (IT systems) created internally with the following assumptions: 43% growth in 2025, 46% growth in 2026 and 42% growth in 2027, terminal revenue growth assumption of 2%, EBITDA margin in the range of 1.7% to 4.5% and weighted average cost of capital (WACC) - 10.5%.

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

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



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

	Right-of-use assets	Land and Buildings	Construction in progress	Leasehold improvements	Property and equipment	TOTAL
Cost	3 172 163	-	29 406	202 573	1 027 963	**4 432 105**
Accumulated depreciation	(1 879 860)	-	-	(104 867)	(530 651)	**(2 515 378)**
As at 1 January 2024	**1 292 304**	**-**	**29 406**	**97 706**	**497 312**	**1 916 728**
2024						
Additions	202 262	-	1 779 989	-	113 883	**2 096 134**
Transferred	-	-	-	-	-	**-**
Modifications	873 042	-	-	-	-	**873 042**
Disposals (historical cost)	-	-	(58 933)	-	(21 820)	**(80 753)**
Depreciation charge	(721 410)	-	-	(25 932)	(185 082)	**(932 424)**
Disposals (depreciation)	-	-	-	-	34 118	**34 118**
FX effect	(760)	-	-	-	(235)	**(995)**
Cost	4 246 708	-	1 750 462	202 573	1 119 791	**7 319 534**
Accumulated depreciation	(2 601 270)	-	-	(130 799)	(681 615)	**(3 413 684)**
As at 31 December 2024	**1 645 438**	**-**	**1 750 462**	**71 774**	**438 176**	**3 905 850**
2025						
Additions	597 663	-	311 560	7 465	100 872	**1 017 560**
Transferred	-	1 857 001	(2 049 223)	28 924	163 298	**-**
Modifications	66 530	-	-	-	-	**66 530**
Disposals (historical cost)	(1 789 757)	-	(12 799)	(171)	-	**(1 802 727)**
Depreciation charge	(657 866)	(30 296)	-	(28 203)	(160 752)	**(877 117)**
Disposals (depreciation)	1 701 609	-	-	-	-	**1 701 609**
FX effect	(79)	-	-	-	(109)	**(188)**
Cost	3 121 065	1 857 001	-	238 791	1 383 852	**6 600 709**
Accumulated depreciation	(1 557 527)	(30 296)	-	(159 002)	(842 367)	**2 589 192**
As at 31 December 2025	**1 563 538**	**1 826 705**	**-**	**79 789**	**541 485**	**4 011 517**

During 2025, the construction project acquired in 2024 year and previously recognised under "Construction in progress" was completed and put into use. As a result, EUR 1 857 001 was transferred from "Construction in progress" to "Land and buildings".

Right-of-use assets and lease liabilities

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

ASSETS		31.12.2025 EUR	31.12.2024 EUR
Non-current assets			
Right-of-use assets (premises)		1 500 226	1 602 195
Right-of-use assets (vehicles)		63 312	43 243
	TOTAL:	**1 563 538**	**1 645 438**

EQUITY AND LIABILITIES			
Non-current liabilities			
Lease liabilities		1 069 515	1 162 800
Current liabilities			
Lease liabilities		570 531	556 035
	TOTAL:	**1 640 046**	**1 718 835**

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

Leases in the statement of comprehensive income		2025 EUR	2024 EUR
Administrative expense			
Expenses relating to leases of low-value assets and short-term leases		(75 035)	(33 296)
Depreciation of right-of-use assets		(657 866)	(721 410)
Other operating income			
Gain from termination of lease contracts		16 272	-
Interest expenses and similar expenses			
Interest expense for right to assets		(91 996)	(68 545)
Total cash outflow from lease liabilities	**TOTAL:**	**(808 625)**	**(823 251)**

The average incremental borrowing rate for lease liabilities initially recognized as of 31 December 2025 is 5.95% (4.64% in 2024) per year.

The cost relating to variable lease payments that do not depend on an index or a rate amounted to EUR nil for the year ended December 31, 2025. There were no leases with residual value guarantees. The Group is reasonably certain not to exercise termination or extension options.

In 2025 the Group started to lease 7 new premises with initial term from 3 to 5 years, total present value of new leases at the commencement date amounted to EUR 597 663. There were no effective lease commitments as at 31 December 2025.

15. Inventories

		31.12.2025 EUR	31.12.2024 EUR
Acquired vehicles for purpose of selling them to customers		12 878 529	12 870 093
NRV allowance		*(99 922)*	*(150 000)*
Raw materials		116 861	150 358
Work in progress		40 708	137 507
	TOTAL:	**12 936 176**	**13 007 958**

Inventory is measured at lower of cost and net realizable value. The cost of an individual car included in the inventory balance is determined using the purchase price for the car including directly and indirectly attributable sourcing, transport and repair costs. At the reporting date, a detailed review for net realizable value (NRV) is executed for cars that have been in inventory at 31 December 2025. Management has performed analysis to determine profit margins for all cars that were sold in 2026, and concluded that total amount of required NRV allowance as of 31 December 2025 is 99 922 EUR. In Latvia and Lithuania inventories are pledged as bonds` collateral, total amount of pledged inventory in these countries is EUR 10 991 100 (31.12.2024: inventories of Latvia and Lithuania were pledged for amount of EUR 10 492 239).

16. Other assets

		31.12.2025 EUR	31.12.2024 EUR
BPM asset declared to tax authorities		207 682	581 226
BPM tax receivable		63 100	181 272
	TOTAL:	**270 782**	**762 498**

The Group is purchasing majority of its cars in the Netherlands where there is special tax (BPM) for vehicles. The tax is being paid by the buyers of motorized vehicles which are being used in The Netherlands. In case the vehicle is exported out of the country, it is possible to receive a refund of this tax. For each of the used vehicles that are exported out of the Netherlands and have BPM remaining, Groups subsidiary Longo Netherlands BV is claiming the tax back from tax authorities. As the process of submitting the refund request is complicated, the Group initially recognizes asset for all of the imported cars based on BPM amounts for individual cars provided by sellers and information available on publicly available database. When criteria for BPM claim are met, the Group recognizes BPM asset receivable. As at December 31, 2025 Group had recognized EUR 207 682 as claims and EUR 63 100 as accounts receivable as they were approved by tax authority. Payments expected to be received within 4 and 2 months respectively.

17. Prepayments to suppliers and similar

	31.12.2025 EUR	31.12.2024 EUR
VAT receivable and other taxes	228 873	646 040
Security deposits	84 047	85 677
Prepaids	73 824	82 259
Advances paid for goods and services	43 727	44 653
TOTAL:	**430 471**	**858 629**

18. Trade and other receivables

	31.12.2025 EUR	31.12.2024 EUR
Receivables for sold motor vehicles and commissions	237 533	120 739
Impairment allowance	(5 376)	(5 376)
TOTAL:	**232 157**	**115 363**

Receivables for sold motor vehicles and commissions

	Not overdue EUR	Overdue up to 30 days EUR	Overdue up to 60 days EUR	Overdue more than 90 days EUR	ECL EUR	TOTAL EUR
2025						
Finance companies	143 152	-	-	-	-	**143 152**
Private persons	58 083	-	-	5 376	(5 376)	**58 083**
Other customers	551	-	-	30 371	-	**30 922**
Total undiscounted financial assets	**201 786**	**-**	**-**	**35 747**	**(5 376)**	**232 157**
2024						
Finance companies	83 235	-	-	-	-	**83 235**
Private persons	31 508	-	-	5 376	(5 376)	**31 508**
Other customers	499	121	-	-	-	**620**
Total undiscounted financial assets	**115 242**	**121**	**-**	**5 376**	**(5 376)**	**115 363**

Movements in the impairment allowance for trade receivables:	
Impairment allowance for trade receivables as at 01.01.2024	**5 376**
Additional allowances	-
Decrease of allowances due to write-off of debts	-
Impairment allowance for trade receivables as at 31.12.2024	**5 376**
Additional allowances	-
Decrease of allowances due to received debts	-
Impairment allowance for trade receivables as at 31.12.2025	**5 376**

19. Contract assets

	31.12.2025 EUR	31.12.2024 EUR
Commissions receivable	125 794	148 399
TOTAL:	**125 794**	**148 399**

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20. Other investments, including derivatives

Current investments	31.12.2025 EUR	31.12.2024 EUR
Corporate bond-trading portfolio at FVTPL	807 433	-
TOTAL:	**807 433**	**-**

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

21. Cash and cash equivalents

	31.12.2025 EUR	31.12.2024 EUR
Cash at banks and payment systems	343 030	1 093 261
Cash held in money market liquidity fund	630 000	1 105 000
Cash on hand*	-	7 953
Cash in transit	15 162	-
TOTAL:	**988 192**	**2 206 214**

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

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

The Group has not created ECL allowances for cash and cash equivalents on the basis that placements with banks are of short term nature and the lifetime of these assets under IFRS 9 is so short that the low probability of default would result in immaterial ECL amounts (31.12.2024: EUR 0).

22. Share capital

The share capital of the Parent Group is EUR 13 080 810 and consists of 130 808 100 shares. The par value of each share is EUR 0.1. All the shares are fully paid.

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

	Share capital EUR	Share premium EUR	Total EUR
Opening balance as at 1 January 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 year 2025 several employees have exercised their share options and converted them into ordinary shares therefore 459 380 shares (2024: 178 140 shares) were issued with nominal value of EUR 0.10.

Shares are split in A type and B type and C type shares. B type shares do not provide a shareholder with voting rights and rights to dividends, liquadition quota is limited to EUR 0.10 per share. C type shares are held just by employees and ex-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%
TOTAL:	**100%**	**100%**	**100%**

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

23. Share based payment reserve

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

The share based option program is based on following principles:

Employee stock options are granted free of charge to employees with management responsibilities. Company's and its subsidiaries' management and supervisory board members are also considered employees regardless of whether they have concluded employment agreements or other types of agreements such as management agreements.

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

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

The exercise price of the share options under typical circumstances is equal to the nominal price of the underlying shares. There are cash settlement alternatives. Given absence of an ongoing sale of subsidiaries or Longo Group JSC or any listing process initiated and any other relevant cash settlement events, cash settlement is considered not to be probable.

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	-	-	-
Excercised	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 Share option program is EUR 75 000 (2024: 130 000 EUR), value of granted and vested at 31 December 2025 EUR 29 999 (2024: 27 014 EUR), expense attributable to the granted and vested shares in 2025 were recognized in Administrative expenses (Note 7) and as Share based payment reserve. Fair value of one share is EUR 0.09 (2024: EUR 0.09).

There have been no expired share options during the year.

The exercise price for options outstanding at the end of the year was 0.0 EUR (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).

24. Loans and borrowings

Non-current *Liabilities for issued debt securities*	**Interest rate per annum (%)**	**Maturity**	**31.12.2025 EUR**	**31.12.2024 EUR**
Bonds 10 million EUR notes issue[1)]	10%	30.11.2027	9 064 131	9 163 505
Bonds 3.00 million EUR notes issue[2)]	6%	31.12.2029	3 205 770	3 019 323
		TOTAL:	**12 269 901**	**12 182 828**
Lease liabilities[3)]	3%-9%	up to 5 years	1 069 515	1 162 800
		TOTAL:	**1 069 515**	**1 162 800**
		TOTAL NON-CURRENT BORROWINGS:	**13 339 416**	**13 345 628**

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

In the first tranche (ISIN LV0000804987) The Group has raised a total of EUR 10 000 000 as at 30 November 2024. In November and December 2025, the Group repurchased part of its outstanding bonds. As a result of this transaction, the nominal amount of bonds outstanding decreased to EUR 9 795 500 as at 31 December 2025 (EUR 10 000 000 at 31 December 2024).

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

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

2) On 30 December 2021, the Group registered with the Latvian Central Depository a subordinated bond facility through which it can raise up to EUR 3 million. The Group has raised a total of EUR 3 000 000 as at 31 December 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 amount of EUR 174 962.

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

Accordingly, those liabilities are split between current and non-current as at 31 December 2025.

Current *Liabilities for issued debt securities*	**Interest rate per annum (%)**	**Maturity**	**31.12.2025 EUR**	**31.12.2024 EUR**
Bonds 10 million EUR notes issue[1)]	10%	30.11.2027	505 136	518 975
		TOTAL:	**505 136**	**518 975**
Lease liabilities[3)]	3%-9%	up to 12 months	570 531	556 035
		TOTAL:	**570 531**	**556 035**
		TOTAL CURRENT BORROWINGS:	**1 075 667**	**1 075 010**

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24. Loans and borrowings (continued)

Movements of interest bearing liabilities and equity

	Liabilities				
	Debt securities EUR	Lease liabilities EUR	Loan from related parties EUR	Other loans and borrowings EUR	Total EUR
Balance at 01 January 2025	**12 701 805**	**1 718 833**	**-**	**-**	**14 420 638**
Bonds repurchased	(204 500)	-	-	-	**(204 500)**
Recognition of bond issuance cost expense	4 916	-	-	-	**4 916**
Payment of lease liabilities	-	(640 374)	-	-	**(640 374)**
Capitalised borrowing costs	(11 979)	-	-	-	**(11 979)**
Interest paid	(998 848)	(90 748)	-	-	**(1 089 595)**
Total changes from financing cash flows	**(1 210 410)**	**(731 122)**	**-**	**-**	**(1 941 532)**
Other changes					
Liability-related					
New leases and modifications	-	664 763	-	-	**664 763**
Disposals	-	(104 425)	-	-	**(104 425)**
Interest expense	1 283 643	91 996	-	-	**1 375 639**
Total liability-related other changes	**1 283 643**	**652 334**	**-**	**-**	**1 935 977**
As at 31 December 2025	**12 775 038**	**1 640 045**	**-**	**-**	**14 415 083**

	Debt securities EUR	Lease liabilities EUR	Loan from related parties EUR	Other loans and borrowings EUR	Total EUR
Balance at 01 January 2024	**9 222 012**	**1 360 850**	**-**	**-**	**10 582 862**
Issuance of debt securities	10 000 000	-	-	800 000	**10 800 000**
Redemption of debt securities	(1 828 170)	-	-	(800 000)	**(2 628 170)**
Exchange of debt securities	(4 598 000)	-	-	-	**(4 598 000)**
Payment of lease liabilities	-	(719 764)	-	-	**(719 764)**
Capitalised borrowing costs	(327 109)	-	-	-	**(327 109)**
Interest paid	(616 793)	(66 875)	-	(18 108)	**(701 776)**
Total changes from financing cash flows	**2 629 928**	**(786 639)**	**-**	**(18 108)**	**1 825 181**
Other changes					
Liability-related					
New leases and modifications	-	1 076 077	-	-	**1 076 077**
Transfer to subordinated debt restructuring reserve	(174 962)	-	-	-	**(174 962)**
Interest expense	1 024 827	68 545	-	18 108	**1 111 480**
Total liability-related other changes	**849 865**	**1 144 622**	**-**	**18 108**	**2 012 595**
As at 31 December 2024	**12 701 805**	**1 718 833**	**-**	**-**	**14 420 638**

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25. Taxes payable

	31.12.2025 EUR	31.12.2024 EUR
VAT	252 084	225 787
Social security contributions	64 174	73 405
Personal income tax	24 879	27 480
Other taxes	6 861	3 342
TOTAL:	**347 998**	**330 014**

26. Other liabilities

	31.12.2025 EUR	31.12.2024 EUR
Liabilities against employees for salaries	84 350	73 699
Provisions for warranties	7 618	5 951
LIAA grant	7 159	-
Advances received from customers	777	8 375
Unidentified payments from customers	609	609
Employees expenses claims	-	761
TOTAL:	**100 513**	**89 395**

27. Accrued liabilities

	31.12.2025 EUR	31.12.2024 EUR
Accrued unused vacation	155 696	191 358
Accrued liabilities for sevices/goods received	134 400	83 689
Accruals for bonuses	20 000	1 694
TOTAL:	**310 096**	**276 741**

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28. Related party disclosures

As at 31 December 2025 and 31 December 2024 Longo Group JSC individually controls the Group.

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

The income, expense items and loans with related parties for years 2025 and 2024 were as follows:

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

Key management personnel compensation

		2025 EUR	2024 EUR
Board Members			
Remuneration		300 340	236 435
Social security contribution expenses		70 816	55 768
	TOTAL:	**371 156**	**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.

29. Commitments and contingencies

There are restrictions in the prospectus for the secured bonds issued (ISIN LV0000804987).

These financial covenants are the following:

a) To maintain consolidated Collateral Coverage Ratio (The ratio of Collateral Value plus Adjusted Cash divided by Secured Financial Indebtedness) of at least 1.3x (one point three times) calculated for the Relevant Period at the end of each quarter;

b) To maintain consolidated Capitalization Ratio (The ratio of Adjusted Equity to consolidated assets of the Group) at least 30% (thirty percent) calculated for the Relevant Period at the end of each quarter;

c) To maintain consolidated Debt Service Coverage Ratio (Measures the ability of the Group to service its Financial Indebtedness and is calculated as EBITDA* divided by Debt Service Charges over the Relevant Period.) of at least 1.2x (one point two times), calculated for the Relevant Period at the end of each quarter.

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

All of the covenants are fulfilled with following ratios:

a) 1.4x

b) 42%

c) 1.3x

* Definition of EBITDA in the Terms includes not taking into account any exceptional items which are not in line with the ordinary course of business. Based on management judgement, exceptional expenses excluded from EBITDA amounted to EUR 164 thousand in 2025 and EUR 0 in 2024. If EBITDA was not adjusted by items which are not in line with ordinary course of business, DSCR would be 1.2x.

All numbers in this note have been rounded up to the nearest decimal place.

30. Financial risk management

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

FINANCIAL RISKS

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

Market risk

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

Currency risk

Currency risks as defined by IFRS 7 arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency. At 31st December 2025, the Group's Polish zloty functional currency entity had Euro denominated net monetary liabilities of EUR 329 133 (2024: EUR 306 334). At 31st December 2025, if the Euro had strengthened/weakened by 5% against the Polish zloty with all other variables held constant, the profit attributable to shareholders of the Group would have been EUR 15 250 (2024: EUR 14 724) lower/higher, arising mainly from foreign exchange losses/gains taken to the profit and loss account on translation. The sensitivity analysis ignores any offsetting foreign exchange factors and has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date.

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

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

Interest rate risk

As of 31 December 2025, the Group's borrowings consist solely of long-term fixed interest rate borrowings in amount of EUR 12 775 037 (2024: EUR 12 701 803).The Group is no longer exposed to cash flow fluctuations associated with floating interest rate borrowings since the Group refinanced the Euribor-tied bonds in year 2024.

Effective interest rates of borrowings were average 9.11% at the end of 2025 and 10,50% at the end of 2024.

Concentration risk

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

In order to avoid excessive concentrations of risk, the Group is maintaining a network of sales entities in different geographies, as well as depositing its cash reserves with different banks and payment systems. The concentration risk on Groups financial assets (based on net exposure) is the following:

	31.12.2025	31.12.2024
Latvia	837 736	1 831 158
Poland	57 246	63 020
Lithuania	48 162	101 452
Estonia	28 445	43 522
The Netherlands	11 336	66 336
Belgium	3 070	94 055
Germany	2 197	6 671
TOTAL:	**988 192**	**2 206 214**

Capital risk management

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

The Group fulfils externally imposed equity capital requirements. The Group monitors equity capital on the basis of the capitalization ratio as defined in Bond prospectus. This ratio is calculated as Ratio of Adjusted Equity (the aggregate book value of the Group's total equity on a consolidated basis, increased by Subordinated Debt) to consolidated assets of the Group. Ratio as at December 31, 2025 was 42%. Overall management of the borrowings is driven by monitoring and complying the lender imposed covenants as well as planning the further borrowing needs to ensure business development of the Group. The Group fulfils externally imposed equity capital requirements as stated in **Note 29.**

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30. Financial risk management (continued)

Liquidity risk

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

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

	Contractual cash flows					
31.12.2025	**Carrying value EUR**	**On demand**	**Up to 1 year EUR**	**2-5 years EUR**	**More than 5 years EUR**	**Total EUR**
Liabilities						
Liabilities for issued debt securities	(12 775 037)	-	(977 846)	(14 773 421)	-	**(15 751 267)**
Lease liabilities	(1 640 045)	-	(646 209)	(1 124 310)	-	**(1 770 519)**
Other liabilities	(475 381)	-	(475 381)	-	-	**(475 381)**
Total undiscounted financial liabilities	**(14 890 463)**	**-**	**(2 099 436)**	**(15 897 731)**	**-**	**(17 997 167)**

	Contractual cash flows					
31.12.2024	**Carrying value EUR**	**On demand**	**Up to 1 year EUR**	**2-5 years EUR**	**More than 5 years EUR**	**Total EUR**
Liabilities						
Liabilities for issued debt securities	12 701 803	-	(1 000 000)	(15 993 889)	-	**(16 993 889)**
Lease liabilities	(1 718 836)	-	(628 670)	(1 237 520)	-	**(1 866 191)**
Other liabilities	(529 944)	-	(529 944)	-	-	**(529 944)**
Total undiscounted financial liabilities	**(14 950 583)**	**-**	**(2 158 614)**	**(17 231 409)**	**-**	**(19 390 023)**

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

Credit risk

Receivables of the Group consist mainly of receivables from finance companies. Credit risk of the Group refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. Longo considers all of its material counterparties to be creditworthy as they represent well-established financial institutions. Groups' exposure to credit risk is continuously monitored, in particular, if agreed payments are delayed. Receivables for sold motor vehicles and leasing commisions form 232 157 EUR (115 363 EUR in 2024). All of the amount is received at the moment of preparation of the financial statements.

The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit-ratings assigned by international creditrating agencies, as well as banks and payment systems regulated by respective National Banks or financial conduct authorities. To spread the credit risk, Longo deposits its cash reserves with different banks. Cash and cash equivalents consist of 946 865 EUR in 2025 (2 167 341 EUR in 2024) and 174 438 PLN in 2025 (166 184 PLN in 2024), they are deposited in total of 9 banks or payment systems.

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

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31. Fair value of financial assets and liabilities

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

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

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

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

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 - quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2 - other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3 - techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

		Carrying amount		Fair value			
31 December 2025 In thousands of euro	**Note**		**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value							
Corporate bond-trading portfolio	20	807	807	-	-	807	**807**
Total assets at fair value		**807**	**807**	**-**	**-**	**807**	**807**
Financial liabilities not measured at fair value							
Issued debt securities	24	12 775	12 775	-	-	12 615	**12 615**
Total liabilities not measured at fair value		**12 775**	**12 775**	**-**	**-**	**12 615**	**12 615**

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

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

There have been no transfers between fair value hierarchy levels between 2025 and 2024.

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

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32. Segment information

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

This reporting forms the basis for the CEO's strategic and operative decisions to allocate resources and for assessing performance. The primary measure of performance is operating profit (EBIT). The CEO also receives information about segments' revenue. Reportable segments comprise the following geographical areas: Latvia, Lithuania, Estonia and Poland. Other activities consist of head office and Group functions, including centralized procurement, marketing, finance and Group management.

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

2025	**Latvia EUR**	**Estonia EUR**	**Lithuania EUR**	**Poland EUR**	**Group sales EUR**	**Group sourcing and administrative functions EUR**	**Eliminations EUR**	**IFRS 16 EUR**	**Group EUR**
Revenue	18 642 739	8 047 348	35 146 333	3 026 601	64 863 021	33 947 066	(54 949 920)	-	**43 860 167**
internal	6 667 627	3 256 723	10 989 481	89 023	21 002 854	33 947 066	(54 949 920)	-	**-**
external	11 975 112	4 790 625	24 156 852	2 937 578	43 860 167	-	-	-	**43 860 167**
sales of cars	11 096 514	4 472 697	22 616 159	2 884 948	41 070 318	-	-	-	**41 070 318**
sales of services	152 999	46 135	148 528	550	348 212	-	-	-	**348 212**
comissions	725 599	271 794	1 392 165	52 079	2 441 637	-	-	-	**2 441 637**
COS	(17 218 556)	(7 450 989)	(32 437 244)	(2 764 810)	(59 871 600)	(31 194 175)	54 870 688	-	**(36 195 087)**
Gross profit	1 424 183	596 358	2 709 088	261 791	4 991 421	2 752 891	(79 232)	-	**7 665 080**
EBITDA*	181 724	(7 965)	362 804	43 626	580 189	116 726	(7 484)	745 536	**1 434 967**
Depreciation and amortization	(24 451)	(25 033)	(31 735)	(24 980)	(106 199)	(388 636)	-	(657 866)	**(1 152 701)**
Operating profit (loss)	157 273	(32 998)	331 069	18 646	473 990	(271 910)	(7 484)	87 670	**282 266**
Finance costs and income	(110 684)	(146 193)	(312 160)	(21 962)	(590 999)	(856 433)	(64)	(91 996)	**(1 539 492)**
Profit/(loss) before income tax	46 589	(179 191)	18 909	(3 316)	(117 009)	(1 128 342)	(7 549)	(4 326)	**(1 257 226)**
Income tax (expense) / income	(454)	(471)	12 824	-	11 899	(4 024)	-	-	**7 875**
Assets	4 037 632	2 364 125	8 510 635	562 665	15 475 056	31 501 312	(27 262 367)	1 558 164	21 272 166
Liabilities	(3 516 723)	(2 362 172)	(7 340 287)	(719 793)	(13 938 975)	(18 755 145)	18 783 799	(1 640 048)	(15 550 369)

2024 Reclassified	**Latvia EUR**	**Estonia EUR**	**Lithuania EUR**	**Poland EUR**	**Group sales EUR**	**Group sourcing and administrative functions EUR**	**Eliminations EUR**	**IFRS 16 EUR**	**Group EUR**
Revenue	17 969 777	14 796 419	30 193 030	2 411 708	65 370 933	40 148 888	(61 098 934)	-	**44 420 887**
internal	6 416 997	5 547 778	8 868 265	117 006	20 950 046	40 148 888	(61 098 934)	-	**-**
external	11 552 780	9 248 641	21 324 765	2 294 702	44 420 887	-	-	-	**44 420 887**
sales of cars	10 942 073	8 801 744	20 180 727	2 263 539	42 188 083	-	-	-	**42 188 083**
sales of services	11 630	7 331	7 236	214	26 411	-	-	-	**26 411**
commisions	599 077	439 565	1 136 802	30 948	2 206 393	-	-	-	**2 206 393**
COS	(16 913 506)	(13 957 143)	(28 319 384)	(2 327 796)	(61 517 829)	(36 997 560)	60 752 217	-	**(37 763 173)**
Gross profit	1 056 270	839 276	1 873 646	83 912	3 853 104	3 151 329	(346 718)	-	**6 657 714**
EBITDA	94 008	114 046	196 433	(129 064)	275 423	525 741	(624 478)	785 420	**962 106**
Depreciation and amortization	(23 004)	29 360	(26 526)	(18 690)	(97 580)	(338 373)	-	(721 410)	**(1 157 363)**
Operating profit	71 004	84 686	169 907	(147 754)	177 843	187 368	(624 478)	64 010	**(195 257)**
Finance costs and income	(90 175)	(156 722)	(230 045)	(16 485)	(493 426)	(434 269)	84 413	(68 545)	**(911 828)**
Profit before income tax	(19 171)	(72 036)	(60 138)	(164 239)	(315 584)	(246 901)	(540 065)	(4 535)	**(1 107 085)**
Income tax (expense) / income	(3)	(1 190)	26 112	-	24 919	(4 346)	-	-	**20 572**
Assets	4 252 850	3 603 779	7 459 274	397 068	15 712 970	32 838 235	27 708 732)	1 645 439	22 487 912
Liabilities	(3 778 077)	(3 422 164)	(6 320 658)	(549 511)	(14 070 410)	(18 978 753)	19 208 063	(1 718 835)	(15 559 934)

* 2025 EBITDA is adjusted by EUR (0.2) million of one time exceptional items which are not in line with the ordinary course of business.

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

33. Average number of employees

	2025	2024
Average number of employees during the reporting year of the Group	138	145

34. Events after the reporting period

On February 5, 2026 Longo Group AS has exercised vested part of share options for management employees. As the result of vesting 299 994 new class C shares (employee shares) were issued. The total number of shares amount to 131 108 094. Each share is a registered share with nominal value of EUR 0.10.

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

Signed on behalf of the Group on 20 April 2026 by:

Edgars Cērps
Chairman of the Board

Jacob Willem Hoogenboom
Member of the Board

Olīvija Lavrenova
Group 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 Consolidated Financial Statements

Our Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Longo Group AS ("the Company") and its subsidiaries ("the Group") set out on pages 10 to 48 of the accompanying consolidated Annual Report, which comprise:

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

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of Longo Group AS and its subsidiaries as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for Opinion

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

We are independent of the Group 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

<table>
<tr><th colspan="2">Recognition of revenue from vehicle sales</th></tr>
<tr><th>Key audit matter</th><th>Our response</th></tr>
<tr><td>Revenues from vehicle sales in the consolidated financial statements as at and for the year ended 31 December 2025: EUR 41.1 million (31 December 2024: EUR 42.2 million).

We refer to the consolidated financial statements: Note 2 (Summary of significant accounting policies) and Note 4 (Revenues).

The Group is a retailer of cars and a major part of revenues relates to vehicle sales. The volume of vehicle sales is significant to the consolidated financial statements, and the users of consolidated financial statements will be interested in the revenue development as it directly relates to other key financial ratios of the Group.

As a consequence, there is an increased risk of a misstatement in revenue due to the amounts involved and the importance of the processes and controls in place to ensure correct revenue recognition. Therefore, revenue recognition was considered by us as a key audit matter.</td><td>Our procedures included, among others:

• gaining understanding of management's processes, systems and controls implemented over the revenue recognition process;

• assessing the completeness and existence of revenue by analysing revenue trends in the current period and challenging any unusual fluctuations using our knowledge of the Group and through inquiries of management;

• for a sample of revenue transactions recognised shortly before and after the reporting year-end assessing whether revenue was recognised in the appropriate reporting period by reference to the relevant documentation, supporting delivery of vehicles, for example, invoices and cash receipts;

• for a sample of revenue transactions recognised during the reporting year assessing the accuracy and existence of recognised revenue transactions by reference to the relevant documentation, supporting delivery of vehicles, for example, invoices and cash receipts, while also evaluating any signs of fraud for certain transactions in the sample that met high risk criteria as defined by us;

• evaluating the accuracy and completeness of the consolidated financial statement disclosures relating to revenues against the relevant requirements of the financial reporting standards.</td></tr>
</table>

Reporting on Other Information

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

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

- the Management Report, as set out on pages 7 to 8 of the accompanying consolidated Annual Report,
- the Statement on Management Responsibility, as set out on page 9 of the accompanying consolidated Annual Report,
- the Statement of Corporate Governance, as set out in a separate report prepared by the management and available on the website of the Company www.longo.group.

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

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

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

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

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

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

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

In accordance with the 'Law on Audit Services' of the Republic of Latvia with respect to the Statement of Corporate Governance, our responsibility is to consider whether the Statement of Corporate Governance includes the information required in section $56.^2$ 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 Group 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 consolidated Annual Report or is included in the consolidated non-financial statement of the Group's ultimate parent company.

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

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

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

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

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

Auditors' Responsibility for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

We were appointed by those charged with governance on 9 October 2025 to audit the consolidated 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 Group;
- we have not provided to the Group 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 group in conducting the audit.

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

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

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

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

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

- the preparation of the consolidated financial statements in the applicable xHTML format;
- the selection and application of appropriate iXBRL tags, using judgment where necessary;
- ensuring consistency between digitised information and the consolidated financial statements presented in human-readable format; and
- the design, implementation and maintenance of internal control relevant to the application of the RTS on ESEF.

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

Auditors' Responsibility for the Examination of the ESEF Report

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

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

- obtaining an understanding of the tagging process;
- tracing the tagged data to the consolidated financial statements of the Group presented in human-readable format;
- evaluating the completeness of the Group's tagging of the consolidated financial statements;

- evaluating the appropriateness of the Group's use of iXBRL elements selected from the ESEF taxonomy and creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- evaluating the use of anchoring in relation to the extension elements; and
- evaluating the appropriateness of the format of the consolidated financial statements.

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

Opinion

In our opinion, the ESEF Report of the Group as at and for the year ended 31 December 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

20 April 2026

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

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