



**JSC Longo Group**

Unified registration number 42103081417

# Condensed Consolidated Financial Statements

**For the period ended 31.12.2022**

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Prepared in accordance with International  
Financial Reporting Standards as adopted  
by the EU | Unaudited

Latvia, 2023

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## General Information

Name of the Parent Group	Longo Group
Legal status of the Parent Group	JSC
Unified registration number, place and date of registration	42103081417, Riga, Latvia, 30 October 2017
Registered office	Mūkusalas iela 72A, Riga, Latvia
Shareholders	31.12.2022
	SIA ALPPES Capital 46%
	Other shareholders 54%
	<b>TOTAL 100%</b>
Board Members	Edgars Cērps - Chairman of the Board from 28.12.2020 Jacob Willem Hoogenboom - Member of the Board from 28.12.2020
Council Members	Aigars Kesenfelds - Chairman of the Council from 28.12.2020 Māris Keišs - Deputy of the Council from 01.03.2021 Alberts Pole - Member of the Council from 01.03.2021 Kristaps Ozols - Member of the Council from 01.03.2021 Jonathan Neil Smith - Member of the Council from 01.03.2021 Mārtiņš Baumanis - Member of the Council 28.12.2020-01.03.2021
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%)
Financial period	01.01.2022 - 31.12.2022
Previous financial period	01.01.2021 - 31.12.2021

# Management Report

28 February 2023

## General information

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

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

Longo's mission is to deliver 3 (three) customer promises:

- Wide assortment (the largest and competitively priced popular used car models in the Baltics);
- Convenient and safe user experience (end-to-end, both digital and on-site);
- Highest quality (used cars with guaranteed mileage, full available history and freshly serviced and cleaned).



Largest used car dealer in the Baltics\*



Total sales incl. VAT from the inception



**12 000+**

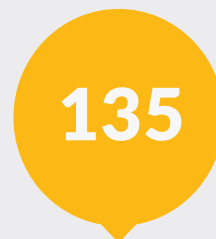
Cars sourced and imported in-house since start of operations



Cars published on the Group's website As at 31.12.2022



Total web site visits in 2022



Number of employees

\*Source: Registry offices in Estonia, Latvia and Lithuania; Longo market analysis on available public intelligence



**Edgars Cērps**  
CEO and Co-Founder of Longo Group

**Business results**

Overall, 2022 was a successful year for Longo. Despite the unfavorable macroeconomic conditions, the Group continues to demonstrate growth in sales and profitability. Perpetual development and optimization of processes, as well as great ambitions, have led Longo to a record high revenue of 44.7 million EUR, up 48% over last year. The Group has earned almost 5 million EUR in gross profit. The Group’s EBITDA for 2022 is 1.55 million EUR, which is an increase of 89% compared to the previous year. The EBITDA margin for 2022 is 3.3%, up 0.7 percentage points from last year. Longo concluded 2022 with a net profit of 167 thousand EUR.

In 2022, the Group expanded its operations to Poland. In addition, Longo opened two new branches in Lithuania (in Panevėžys and Klaipėda). Another major milestone that ensured Longo’s growth in 2022 is the admission of bonds for trading on the Nasdaq Baltic First North Market by Nasdaq Riga on 31 March 2022.

The significance of digital channels in used car retail remained strong in 2022 as consumers had scaled down their visits to physical car lots and switched to online shopping more and more in 2021. Longo is well prepared for providing comprehensive customer service through digital channels, including launching first fully online reservation system in the Baltics.



**Future prospects**

At the beginning of 2023, a new sales location was opened in Narva, Estonia, and Longo plans to open a new sales location in Latvia in the near future.

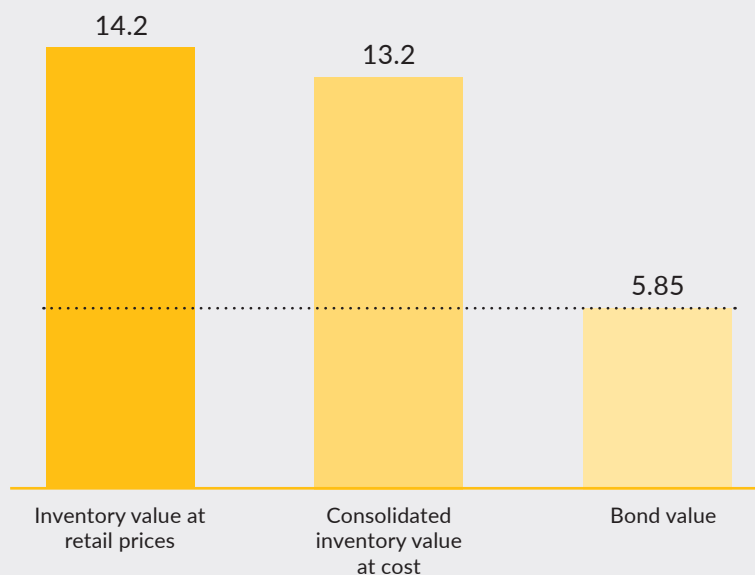
The Group has ambitious plans for year 2023 and beyond - to deliver strong profit while increasing its revenue even further. It is to be achieved by boosting its brand awareness, expanding its physical network, and increasing the car assortment.

In order to support the ambitious growth plans of Longo new sourcing channels are to be introduced, including local consumer sourcing. There will be continuous focus on increasing the capacity of refurbishing center of the Group.

The Group obeys local laws relating to environmental protection.

**Longo inventory value, in M EUR**

As at 31.12.2022



## 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 Company. Longo considers all of its material counterparties to be creditworthy as they represent well-established financial institutions. The Group's exposure to credit risk is continuously monitored, in particular, if agreed payments are delayed.

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

### *Interest rate risk*

Longo's interest rate risk arises primarily from its debt. As at 31 December 2022, long-term debt of EUR 8.68 million is financed:

- EUR 5.83 million at fixed rates (6% on average) for a period of on average 3 years;
- EUR 2.85 million at a floating interest rate (6% + 3M EURIBOR) for a period of 2,2 year.

### *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 December 31, 2022 was 56%. 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

In January 2023, the Group sold additional 0.5m EUR of its issued bonds (ISIN LV0000860096).

In line with the growth strategy, a second Longo showroom was opened in Narva, Estonia, in Fama shopping center.

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

Signed on behalf of the Group on 28 February 2023 by:

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Edgars Cērps

*Chairman of the Board*

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**Consolidated  
Financial Statements**



## Consolidated Statement of Comprehensive Income

	Notes	2022 EUR	2021 EUR
Revenue from vehicle sales		44,719,585	30,288,837
Cost of sales		(39,743,477)	(26,601,592)
<b>Gross profit</b>		<b>4,976,108</b>	<b>3,687,245</b>
Selling expenses		(1,102,507)	(608,581)
Administrative expenses	1	(4,576,795)	(3,543,786)
Other operating income		1,519,176	759,590
Other operating expenses		(91,852)	(50,373)
Interest expenses and similar expenses	2	(556,721)	(206,800)
<b>Net operating expenses</b>		<b>(4,808,699)</b>	<b>(3,649,950)</b>
<b>Profit before tax</b>		<b>167,409</b>	<b>37,295</b>
Income tax		(516)	96,037
<b>Net profit/(loss) for the year</b>		<b>166,893</b>	<b>133,332</b>
<b>EBITDA</b>		<b>1,547,042</b>	<b>819,781</b>
<b>Other comprehensive income/(loss)</b>		<b>(149)</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>166,744</b>	<b>133,332</b>

The accompanying notes on pages 14 to 16 are an integral part of these consolidated financial statements.

Signed on behalf of the Group on 28 February 2023 by:

\_\_\_\_\_  
Edgars Cērps  
Chairman of the Board

\_\_\_\_\_  
Jevgenijs Sokolovs  
Chief accountant

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# Consolidated Statement of Financial Position

## Assets

		31.12.2022	31.12.2021 restated <sup>7)</sup>
NON-CURRENT ASSETS	Notes	EUR	EUR
<b>Intangible assets</b>			
Intangible assets		690,960	475,768
Intangible assets development costs		12,474	2,733
<b>Total intangible assets</b>		<b>703,434</b>	<b>478,501</b>
<b>Tangible assets</b>			
Right-of-use assets		1,894,801	1,478,513
Property and equipment		421,279	323,234
Leasehold improvements		122,074	127,227
Construction in progress		145,610	-
<b>Total tangible assets</b>		<b>2,583,764</b>	<b>1,928,974</b>
Deferred tax assets		323,999	318,075
<b>Total non-current financial assets</b>		<b>323,999</b>	<b>318,075</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>3,611,197</b>	<b>2,725,550</b>
<b>CURRENT ASSETS</b>			
<b>Inventories</b>			
Goods for resale and raw materials	3	13,064,264	8,053,706
Work in progress	3	111,499	174,856
<b>Total inventories</b>		<b>13,175,763</b>	<b>8,228,562</b>
<b>Receivables and other current assets</b>			
Other assets		875,830	629,091
Trade and other receivables		161,931	213,438
Prepayments to suppliers and similar	4	862,064	565,922
Contract assets		139,848	37,947
<b>Total receivables and other current assets</b>		<b>2,039,673</b>	<b>1,446,398</b>
<b>Cash and cash equivalents</b>		<b>1,424,762</b>	<b>2,890,919</b>
<b>TOTAL CURRENT ASSETS</b>		<b>16,640,198</b>	<b>12,565,879</b>
<b>TOTAL ASSETS</b>		<b>20,251,395</b>	<b>15,291,429</b>

The accompanying notes on pages 14 to 16 are an integral part of these consolidated financial statements.

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Chairman of the Board

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Chief accountant

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# Consolidated Statement of Financial Position

## Equity and Liabilities

EQUITY	Notes	31.12.2022 EUR	31.12.2021 restated <sup>7)</sup> EUR
Share capital		12,969,926	12,969,926
Share premium		250,000	250,000
Share-based payment reserve		48,007	38,007
Foreign currency translation reserve		(149)	-
Accumulated losses/Retained earnings			
brought forward		(5,048,909)	(5,182,241)
for the period		166,893	133,332
<b>TOTAL EQUITY</b>		<b>8,385,768</b>	<b>8,209,024</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	5	9,552,093	5,393,945
<b>Total non-current liabilities</b>		<b>9,552,093</b>	<b>5,393,945</b>
<b>Current liabilities</b>			
Loans and borrowings	5	1,038,505	602,674
Trade payables		404,840	324,908
Taxes payable		465,108	424,149
Corporate income tax		817	284
Other liabilities		106,530	87,377
Accrued liabilities		297,734	249,068
<b>Total current liabilities</b>		<b>2,313,534</b>	<b>1,688,460</b>
<b>TOTAL LIABILITIES</b>		<b>11,865,627</b>	<b>7,082,405</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>20,251,395</b>	<b>15,291,429</b>

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Chairman of the Board

\_\_\_\_\_  
Jevgenijs Sokolovs  
Chief accountant

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## Consolidated Statement of Changes in Equity

	Share capital	Share premium	Foreign currency translation reserve	Other Reserves	Retained earnings / Accumulated loss	Total
<b>Balance at 31.12.2021 (restated <sup>7)</sup>)</b>	<b>7,000,000</b>	-	-	-	<b>(5,182,241)</b>	<b>1,817,759</b>
<i>Total comprehensive income</i>						
Profit for the period	-	-	-	-	133,332	<b>133,332</b>
<b>Total comprehensive income for the period</b>	-	-	-	-	<b>133,332</b>	<b>133,332</b>
<i>Transactions with owners of the Group</i>						
<i>Contributions and distributions</i>						
Issues of ordinary shares	6,219,927	250,000	-	-	-	<b>6,469,927</b>
Decrease in capital	(250,001)	-	-	-	-	<b>(250,001)</b>
Equity-settled share-based payment	-	-	-	38,007	-	<b>38,007</b>
<b>Total transactions with owners of the Group</b>	<b>5,969,926</b>	<b>250,000</b>	-	<b>38,007</b>	-	<b>6,257,933</b>
<b>Balance at 31.12.2021 (restated <sup>7)</sup>)</b>	<b>12,969,926</b>	<b>250,000</b>	-	<b>38,007</b>	<b>(5,048,909)</b>	<b>8,209,024</b>
<b>Balance at 01.01.2022</b>	<b>12,969,926</b>	<b>250,000</b>	-	<b>38,007</b>	<b>(5,048,909)</b>	<b>8,209,024</b>
<i>Total comprehensive income</i>						
Profit for the period	-	-	-	-	166,893	<b>166,893</b>
Other comprehensive income	-	-	(149)	-	-	<b>(149)</b>
<b>Total comprehensive income for the period</b>	-	-	<b>(149)</b>	-	<b>166,893</b>	<b>166,744</b>
<i>Transactions with owners of the Group</i>						
Equity-settled share-based payment	-	-	-	10,000	-	<b>10,000</b>
<b>Total transactions with owners of the Group</b>	-	-	-	<b>10,000</b>	-	<b>10,000</b>
<b>Balance at 31.12.2022</b>	<b>12,969,926</b>	<b>250,000</b>	<b>(149)</b>	<b>48,007</b>	<b>(4,882,016)</b>	<b>8,385,768</b>

The accompanying notes on pages 14 to 16 are an integral part of these consolidated financial statements.

Signed on behalf of the Group on 28 February 2023 by:

\_\_\_\_\_  
Edgars Cērps  
Chairman of the Board

\_\_\_\_\_  
Jevgenijs Sokolovs  
Chief accountant

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## Consolidated Statement of Cash Flows

	Notes	2022 EUR	2021 EUR
<b>Cash flows to/from operating activities</b>			
Profit before tax		167,409	37,295
Adjustments for:			
Amortization un depreciation		828,236	577,697
Interest expense	2	551,397	206,800
Interest income		-	(10)
(Gain)/Loss from disposal of property and equipment		14,521	4,716
Equity settled share-based payment transactions		10,000	38,007
Income from COVID-19 related rent concession		(2,048)	(15,621)
<b>Operating profit before working capital changes</b>		<b>1,569,515</b>	<b>848,884</b>
(Increase)/ decrease in inventories		(4,947,201)	(1,630,056)
(Increase)/ decrease in trade and other receivables		(491,374)	(802,355)
(Decrease)/ increase in advances received and trade payables		132,029	185,756
(Decrease)/ increase in accrued liabilities		58,465	(43,060)
(Decrease)/ increase in accrued income		(101,901)	(249,380)
<b>Cash flow used in/from operations</b>		<b>(3,780,467)</b>	<b>(1,690,211)</b>
Interest received		-	10
Corporate income tax paid		533	(11,214)
<b>Net cash flows used in operating activities</b>		<b>(3,779,934)</b>	<b>(1,701,415)</b>
<b>Cash flows to/from investing activities</b>			
Acquisition of property and equipment and other intangible assets		(748,623)	(334,251)
Proceeds of property and equipment and other intangible assets		3,700	5,756
<b>Net cash flows to/from investing activities</b>		<b>(744,923)</b>	<b>(328,495)</b>
<b>Cash flows to/from financing activities</b>			
Proceeds from issue of share capital		-	250,001
Decrease of share capital		-	(250,001)
Repayments of borrowings		(1,000)	(1,192,356)
Payments for borrowings issuance costs		(212,410)	(72,020)
Repayment of liabilities for right-of-use assets		(547,741)	(375,068)
Borrowings received		1,000,001	2,697,105
Bonds issued		3,320,000	2,530,000
Interest paid		(446,901)	(104,106)
Cash payments for the interest portions of lease liabilities		(53,249)	(44,672)
<b>Net cash flows to/from financing activities</b>		<b>3,058,700</b>	<b>3,438,883</b>
Change in cash		<b>(1,466,157)</b>	<b>1,408,973</b>
Cash at the beginning of the year		2,890,919	1,481,946
<b>Cash at the end of the year</b>		<b>1,424,762</b>	<b>2,890,919</b>

The accompanying notes on pages 14 to 16 are an integral part of these consolidated financial statements.

Signed on behalf of the Group on 28 February 2023 by:

Edgars Cērps  
Chairman of the Board

Jevgenijs Sokolovs  
Chief accountant

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# Notes to the Consolidated Financial Statements

## 1. ADMINISTRATIVE EXPENSES

	2022 EUR	2021 EUR
Employees' salaries	2,292,262	1,810,993
Amortization and depreciation	828,236	577,697
Office and branches' maintenance expenses	303,393	165,508
Social tax contributions	302,456	250,724
Other personnel expenses	238,955	227,330
Professional services	150,193	208,415
IT services	97,897	65,811
Audit fees	67,331	49,718
Recruitment fees	50,274	23,347
Insurance	40,293	17,788
Business trips	37,456	13,123
Transportation expenses	26,555	16,475
Communication expenses	21,653	14,083
Legal services	20,293	27,064
Representation	19,527	11,693
Bank commissions	11,987	9,227
Other administration expenses	68,034	54,790
<b>TOTAL:</b>	<b>4,576,795</b>	<b>3,543,786</b>

## 2. INTEREST EXPENSES AND SIMILAR EXPENSES

	2022 EUR	2021 EUR
Interest expenses on issued bonds	467,279	15,216
Interest expenses on lease liabilities	57,128	46,737
Interest expenses on loan facilities	26,990	142,836
Other financial expenses	5,324	2,011
<b>TOTAL:</b>	<b>556,721</b>	<b>206,800</b>

## 3. INVENTORIES

	31.12.2022 EUR	31.12.2021 EUR
Acquired vehicles for purpose of selling them to customers	13,014,464	8,030,385
<i>Lithuania</i>	5,249,795	3,276,363
<i>Latvia</i>	3,973,670	2,498,093
<i>Estonia</i>	3,742,559	2,443,304
<i>Poland</i>	593,445	-
<i>NRV allowance</i>	(160,113)	-
<i>Netherlands</i>	78,184	244,978
<i>Intercompany consolidation eliminations</i>	(455,176)	(261,328)
<i>Commitment to purchase cars</i>	(7,900)	(171,025)
Raw materials	49,800	23,321
Work in progress	111,499	174,856
<b>TOTAL:</b>	<b>13,175,763</b>	<b>8,228,562</b>

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 attributable repair costs for reconditioning the car for selling purposes. At the reporting date, a detailed review for net realizable value is executed for the inventory. In Latvia, Estonia (since 2022) and Lithuania inventories are pledged as bonds' collateral, total amount of pledged inventory in these countries is EUR 12 665 412 (31.12.2021: EUR 5 774 456).

Included in cost of goods sold for the years ended December 31, 2022, and 2021, are inventory write-offs of EUR 160 113 and EUR 0, respectively.

**4. PREPAYMENTS TO SUPPLIERS AND SIMILAR**

	<b>31.12.2022 EUR</b>	<b>31.12.2021 EUR</b>
VAT receivable and other taxes*	561,474	460,387
Advances paid for goods and services	99,544	72,477
Security deposits	86,422	8,004
Prepays	114,624	25,054
<b>TOTAL:</b>	<b>862,064</b>	<b>565,922</b>

\* Increase in VAT receivable is due to obligation to pre-paying VAT on intra-community acquisition of cars in Poland.

**5. LOANS AND BORROWINGS**

<b>Non-current Liabilities for issued debt securities</b>	<b>Interest rate per annum (%)</b>	<b>Maturity</b>	<b>31.12.2022 EUR</b>	<b>31.12.2021 EUR</b>
Bonds 3.00 million EUR notes issue <sup>1)</sup>	6%	30-11-24	2,818,133	2,354,970
Bonds 2.83 million EUR notes issue <sup>2)</sup>	6%	31-12-26	2,708,794	1,906,301
Bonds 2.85 million EUR notes issue <sup>3)</sup>	6%+3M EURIBOR	30-06-25	2,541,164	-
<b>TOTAL:</b>			<b>8,068,091</b>	<b>4,261,271</b>
Lease liabilities <sup>4)</sup>	3%-8%	up to 5 years	1,314,335	1,123,674
<b>TOTAL:</b>			<b>1,314,335</b>	<b>1,123,674</b>
Loans from related parties <sup>5)</sup>	6%	31-12-24	169,667	9,000
<b>TOTAL:</b>			<b>169,667</b>	<b>9,000</b>
<b>TOTAL NON-CURRENT BORROWINGS:</b>			<b>9,552,093</b>	<b>5,393,945</b>

<sup>1)</sup> On 30 November 2021, the Group registered with the Latvian Central Depository a 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 2022 (EUR 2 530 000 at 31 December 2021).

This bond issue is secured by the assets of Longo Latvia LLC and Longo LT LLC. The notes are issued at par, have a maturity of three years and carry a fixed coupon of 6% per annum, paid monthly in advance.

<sup>2)</sup> 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 2 830 000 as at 31 December 2022 (EUR 1 991 000 at 31 December 2021).

The notes are issued at par, have a maturity of five years and carry a fixed coupon of 6% per annum, paid monthly in advance. All subordinated bond facility is acquired by the shareholders as a result of conversion of loan facility.

<sup>3)</sup> On 10 June 2022, the Group registered with the Latvian Central Depository a bond facility through which it can raise up to EUR 5 million.

The Group has raised a total of EUR 2 850 000 as at 31 December 2022 (EUR 0 at 31 December 2021).

This bond issue is secured by the assets of Longo Latvia LLC, Longo LT LLC and Longo Estonia LLC. The notes are issued at par, have a maturity of three years and carry a coupon of 6%+3M EURIBOR per annum, paid monthly in advance.

Accordingly, those liabilities are split between current and non-current as at 31 December 2022.

The bonds of JSC Longo Group have been admitted to trading on the Nasdaq Baltic First North Market by Nasdaq Riga since March 31, 2022.

<sup>4)</sup> The Group has entered into several lease agreements for office premises and car lots as well as several vehicle rent agreements.

<sup>5)</sup> Shareholders' loan in a form of a credit line, duration up to 5 years.

<b>Current Liabilities for issued debt securities</b>	<b>Interest rate per annum (%)</b>	<b>Maturity</b>	<b>31.12.2022 EUR</b>	<b>31.12.2021 EUR</b>
Bonds 3.00 million EUR notes issue <sup>1)</sup>	6%	30-11-24	116,277	98,416
Bonds 2.83 million EUR notes issue <sup>2)</sup>	6%	31-12-26	117,296	82,580
Bonds 2.85 million EUR notes issue <sup>3)</sup>	6%+3M EURIBOR	30-06-25	144,380	-
<b>TOTAL:</b>			<b>377,953</b>	<b>180,996</b>
Lease liabilities <sup>4)</sup>	3%-8%	up to 5 years	659,675	412,503
<b>TOTAL:</b>			<b>659,675</b>	<b>412,503</b>
Accrued interest on loans from related parties		05-01-23	877	9,175
<b>TOTAL:</b>			<b>877</b>	<b>9,175</b>
<b>TOTAL CURRENT BORROWINGS:</b>			<b>1,038,505</b>	<b>602,674</b>

## 6. COMMITMENTS AND CONTINGENCIES

There are restrictions in the prospectus for the senior secured bonds (ISIN LV0000860062 and LV0000860096) and subordinated bonds issued (ISIN LV0000802544).

These financial covenants are the following :

- (a) To maintain consolidated Interest Coverage Ratio (The ratio of EBITDA to Net Finance Charges for the Relevant Period) of at least 2x (two times), calculated for the Relevant Period at the end of each quarter;
- (b) To maintain consolidated Equity Ratio (Ratio of Adjusted Equity (the aggregate book value of the Group's total equity on a consolidated basis, increased by Subordinated Debt, according to the most recent Financial Report) to consolidated assets of the Group calculated according to the most recent Financial Report) at least 30% (thirty per cent) calculated for the Relevant Period at the end of each quarter;
- (c) To maintain Inventory Coverage Ratio (The ratio of Pledged Inventory plus consolidated Cash and Cash Equivalents of the Group divided by the Secured Financial Indebtedness) for the Collateral Provider of at least 1.5x (one point five 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) 2.81
- (b) 56%
- (c) 2.51

As part of the sourcing process, the Group has committed to purchase vehicles with total costs of EUR 7 900 (2021: EUR 171 025). Commitment was realised in January 2023 in full.

## 7. CRITICAL ESTIMATES, JUDGEMENTS AND ERRORS

### *Correction of error*

In 2022, a subsidiary discovered a retrospective technical error in calculation of Other assets. The error resulted in an overstatement of Other assets in amount of EUR 37 497 recognised for the 2020 financial year and a corresponding overstatement of retained earnings.

The error has been corrected by restating each of the affected financial statement line items for the prior period.

## 8. EVENTS AFTER THE REPORTING PERIOD

In January 2023, the Group sold additional 0.5m EUR of its issued bonds (ISIN LV0000860096).

In line with the growth strategy, a second Longo showroom was opened in Narva, Estonia, in Fama shopping center.

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

Signed on behalf of the Group on 28 February 2023 by:

\_\_\_\_\_  
Edgars Cērps

*Chairman of the Board*

\_\_\_\_\_  
Jevgenijs Sokolovs

*Chief accountant*

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