Akciju Sabiedrība ELKO GRUPA

Unaudited Consolidated Financial Statements
For 12 months ended 31 December 2025

Structure

Akciju Sabiedrība ELKO Grupa Management report on operational consolidated financial statements for 12 months period ended 31 December 2025

Company profile
Akciju Sabiedrība ELKO Grupa and its subsidiaries (hereinafter – the Company or ELKO), is one of the region's largest distributors and wholesalers of IT and consumer electronics products and solutions with more than 30 years of experience. ELKO represents 400 IT manufacturers and provides a wide range of products and distribution services to more than 10,000 retailers, e-tailers, resellers, local computer manufacturers and system integrators across various sectors in 14 countries in Europe.
Top product groups by turnover: mobile communication (smartphones and tablets); personal computing (notebooks and PCs); components; small domestic appliances; home and office electronics and peripherals; mobility, hobby and leisure products; solutions and value-added services; software.
Top 10 manufacturers by turnover in 2025: Apple, Dreame, DJI, Roborock, Samsung, Lenovo, MSI, ASUS, Dell, Xiaomi.
Currently, ELKO employs more than 1100 people and is headquartered in Riga, Latvia.

Financial analysis
Akciju Sabiedrība ELKO Grupa consolidated turnover during the 12 months of 2025 reached USD 1 258.2m (EUR 1 113.4m), a 10.1% increase over the corresponding period in 2024. The key topline driver remains small domestic appliance segment - partnership with ambitious and fast evolving vendors in combination with ELKO brand acceleration capabilities has been the main revenue generator. PC component segment delivered stronger performance in last quarter of the financial year in anticipation of industry wide memory shortages, fuelled by increasing AI infrastructure build-out. Gross profit for 12 months of 2025 reached USD 103.0m (EUR 91.2m), an increase of 16.2%, which continues to reflect favorable shift towards higher margin business in the portfolio and the ability to enhance the value proposition to both vendors and customers. The Company's net profit reached USD 13.5m (EUR 11.9m). Given that majority of operational expenses are denominated in local currencies, net profit has been influenced by devaluation of USD during the year. The Company continues to maintain strong cost control to ensure operational expenses are aligned with business development.

Our markets continued to grow strongly throughout 2025, with Nordics, Baltics and Slovenia delivering solid double digit growth rates, but other geographies also maintaining momentum. Telecommunications segment remained challenged due to specific market conditions, impacting CEE and Nordic regions. Exceptional go to market strategy execution by selected SDA vendors allowed to retain exceptionally high segment topline, at the same time pushing working capital consumption as the supply cycle remains lengthy and there is strong emphasis on expanding the product range within vendors. While personal computing demonstraded strong year on year growth in the first half of the year, the second half did not deliver growth despite market anticipations. Anticipation of industry wide memory shortage significantly boosted the computing component segment across all geographies in fourth quarter continuing an uptrend already noticeable in mid-year.

Prospects
The Company’s performance is and will be influenced by macroeconomic, competitive and political factors and the development of markets where the Company operates. The key factors driving the Company’s growth in the future are a strong vendor pipeline, clear strategy for growth of current top vendors and increasing investment in brand acceleration services. Operational data from Q1 suggests that the growth trend from Q4 is being continued. While short-term seen as positive, high uncertainty remains over longer-term effects on major product segments due to all types of memory shortage as well as geopolitics, i.e. trade tariffs. Cautious management of working capital remains among the top priorities for the management team of ELKO.

Akciju Sabiedrība ELKO Grupa structure
Akciju Sabiedrība ELKO Grupa holds shareholdings in the following subsidiaries: ELKO Lietuva UAB, ELKOTEX d.o.o., ELKO Eesti OU, ELKO Polska Sp.z.o.o., ELKOTech Romania SRL, WESTech spol. s.r.o., WESTech CZ s.r.o., WESTech solutions s.r.o., ELKO Trading Switzerland A.G., ELKO Mobile Ltd. (till 17.04.2025), Gandalf Distribution AB, Arašid spol. s.r.o. (merged with WESTech spol. s.r.o. from 01.11.2025), Logicworks s.r.o., Westech HU Kft. (previous name: Game Distribution Kft.), SWISS spol. s.r.o., SWISS CZ s.r.o., ELKO Trading Kazakhstan LLP (till 24.12.2025), ELKO Nordics Shared Services AB, EDN Webshop AB and Renewed AB (from 05.03.2025).

Akciju Sabiedrība ELKO Grupa holds a majority shareholding in all of the above subsidiaries except ELKOTEX d.o.o. with 49% of shares, WESTech solutions s.r.o. with 25% of shares, SWISS spol. s.r.o. with 26% of shares, SWISS CZ s.r.o. with 26% of shares, and Internet Patro CZ s.r.o with 10% of shares (starting 04.09.2024).

Management report (cont'd)

Financial risk management

Multi-currency risk

The Company operates internationally and is exposed to foreign exchange risks, primarily from the US dollar, euro, Romanian lei and Swedish krona. Foreign exchange risks arise from future multi-currency transactions and the recognition of assets, liabilities and long-term investments in various currencies.

The purchase of goods is predominantly in US dollars, but sales are conducted in different currencies. In the CIS region, the main currency is the US dollar, but in the Baltics, trade is conducted in euros. CEE countries Slovakia and Slovenia trade in euros, but Romania in its national currency – the Romanian lei. In the Nordic region, most sales are transacted in Swedish krona.

The Company has shareholdings in foreign currencies and is therefore exposed to foreign currency risk when financial assets and liabilities denominated in foreign currencies are translated into the presentation currency – the US dollar.

Currency risk is actively mitigated by using different tools. The Company has centrally developed and globally applied currency risk management policies and procedures.

Interest-rate risk

The Company utilises short-term borrowing for the partial financing of its current assets. All borrowings are at floating rates, thus exposing the Company to interest rate risks.

Credit risk

Credit risks arise from credit exposure to outstanding trade receivables. The Company has implemented procedures and control mechanisms to manage credit risks. Credit risk is partly minimised through credit risk insurance, but mainly, the risk is minimised by internally developed conservative credit-monitoring policies. Individual risk limits are set based on internal or external ratings in accordance with the credit policy. The utilisation of credit limits is regularly monitored.

Inventories

The Company determines the amount of inventories based on expected future demand and market saturation. Any changes in demand and/or rapid obsolescence of products or technological changes will result in excess stock and the accumulation of obsolete items. The Company makes centralised plans for the purchase and sale of products. Furthermore, upgrading the procedure for placing orders has helped decrease inventory days. Weekly inventory analysis minimises the need to establish provisions for obsolete items.

The risk related to product flow management is partially reduced through price-protection arrangements under the cooperation agreements with major vendors. The agreements provide the rights to claim compensation on pre-ordered goods in the warehouse in cases of a price reduction or decline in market prices.

Liquidity risk

Prudent liquidity-risk management includes maintaining sufficient cash and the availability of funding from a sufficient number of committed credit facilities. In the future, the Company's management plans to increase the liquidity reserve based on the expected cash flows by improving working capital management.

Events after the balance sheet date

In January 2, 2026, Gandalf Distribution AB, 100% subsidiary of Akciju sabiedrība ELKO Grupa, has signed share purchase agreement for acquisition of 60% of Finnish company Bat.Power OY. According to the agreement, there is an option to acquire remaining 40% of stock in two years with valuation subject to performance of the company.

Otherwise, there have been no subsequent events after the last date of the reporting period that would significantly affect the Company's financial position as of 31 December 2025.

Egons Mednis
Chairman of the Board

Statement of Directors' responsibility

The Board of Akciju Sabiedrība ELKO Grupa confirms that based on the information available at the time of the preparation of the financial statements, the consolidated interim financial statements give a true and fair view in all material aspects of the financial position of the Company as of December 31, 2025, and of its financial operations for the period ended 31 December 2025. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. During the preparation of the financial statements the management has:

- on consistent basis applied appropriate accounting methods;
- has provided well-grounded and prudent conclusions and evaluations;
- has followed the going concern principle.

The Board of Directors of Akciju Sabiedrība ELKO Grupa is responsible for the maintenance of proper accounting records so that at the appropriate moment the financial records would show a true and fair view of the financial position of the Company and would ensure the possibility for the management to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.

Egons Mednis
Chairman of the Board

Consolidated income statement

	Note	Jan-Dec 2025 USD'000	Jan-Dec 2024 USD'000	Jan-Dec 2025 EUR'000	Jan-Dec 2024 EUR'000
Revenue		1,258,218	1,142,795	1,113,446	1,056,068
Cost of sales		(1,155,208)	(1,054,082)	(1,022,290)	(974,087)
Gross profit		**103,010**	**88,713**	**91,156**	**81,981**
Distribution expenses		(9,882)	(6,763)	(8,745)	(6,250)
Administrative expenses		(67,354)	(58,855)	(59,604)	(54,389)
Other income		2,825	4,632	2,500	4,281
Other expenses		(2,779)	(1,711)	(2,458)	(1,581)
Operating profit		**25,820**	**26,016**	**22,849**	**24,042**
Finance income		730	1,062	646	981
Finance expenses		(10,552)	(9,293)	(9,338)	(8,588)
Finance income/ (expenses) – net		**(9,822)**	**(8,231)**	**(8,692)**	**(7,607)**
Profit before income tax		**15,998**	**17,785**	**14,157**	**16,435**
Income tax expense	4	(2,524)	(3,662)	(2,234)	(3,384)
Profit for the period		**13,474**	**14,123**	**11,923**	**13,051**
Attributable to:					
Equity holders of the Company		12,153	11,892	10,754	10,989
Non-controlling interest		1,321	2,231	1,169	2,062
		13,474	**14,123**	**11,923**	**13,051**
Earnings per share (basic and diluted) for profit attributable to the equity holders of the Company during the year (expressed in USD and EUR per share)	5	**1.23**	**1.20**	**1.09**	**1.11**
Other comprehensive income to be reclassified to profit loss in subsequent periods					
Exchange differences on translation of foreign operations		16,128	(8,675)	(1,006)	(307)
Total comprehensive income to be reclassified to profit loss in subsequent periods for the year		**29,602**	**5,448**	**10,917**	**12,744**
Attributable to:					
Equity holders of the Company		25,300	5,430	9,231	11,621
Non-controlling interest		4,302	18	1,686	1,123
		29,602	**5,448**	**10,917**	**12,744**

The notes on page 10 are an integral part of these consolidated financial statements.

Egons Mednis
Chairman of the Board

Consolidated balance sheet

	Note	31.12.2025 USD'000	31.12.2024 USD'000	31.12.2025 EUR'000	31.12.2024 EUR'000
ASSETS					
Non-current assets					
Property, plant and equipment		9,288	6,460	7,904	6,218
Intangible assets		2,362	1,285	2,010	1,237
Right-of-use assets		17,078	15,642	14,535	15,056
Goodwill on acquisition of subsidiary		4,098	1,947	3,488	1,874
Investments in associates		5,411	3,862	4,605	3,718
Long term loans		41	536	35	516
		38,278	**29,732**	**32,577**	**28,619**
Current assets					
Inventories		172,471	128,982	146,785	124,153
Current income tax receivable		1,086	364	924	350
Short term loans		2,260	1,314	1,924	1,265
Other current financial investments		3,588	3,156	3,054	3,038
Trade and other receivables		203,254	169,864	172,982	163,504
Derivative financial instruments		49	221	42	213
Cash and cash equivalents		29,003	26,332	24,683	25,346
		411,711	**330,233**	**350,394**	**317,869**
Total assets		**449,989**	**359,965**	**382,971**	**346,488**
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Ordinary shares		11,251	11,251	9,901	9,901
Share premium		5,996	5,996	4,974	4,974
Translation reserve		(3,616)	(16,763)	6,087	7,610
Retained earnings		115,080	112,336	88,579	86,111
		128,711	**112,820**	**109,541**	**108,596**
Non-controlling interest in equity		**25,202**	**16,960**	**21,449**	**16,325**
Total equity	2	**153,913**	**129,780**	**130,990**	**124,921**
LIABILITIES					
Non-current liabilities					
Interest-bearing loans and borrowings		23,501	20,790	20,001	20,011
Interest-bearing loans from related		-	2,507	-	2,413
Lease liabilities		11,487	11,487	11,057	11,057
	3	**34,988**	**34,784**	**31,058**	**33,481**
Current liabilities					
Trade and other payables		148,740	110,841	126,587	106,692
Interest-bearing loans and borrowings	3	102,862	75,080	85,804	72,270
Interest-bearing loans from related	3	3,518	-	2,994	-
Lease liabilities	3	4,108	4,108	3,954	3,954
Income tax payable		1,687	982	1,436	945
Provisions		68	4,390	58	4,225
Derivative financial instruments		105	-	90	-
		261,088	**195,401**	**220,923**	**188,086**
Total liabilities		**296,076**	**230,185**	**251,981**	**221,567**
Total equity and liabilities		**449,989**	**359,965**	**382,971**	**346,488**

The notes on page 10 are an integral part of these consolidated financial statements.

Egons Mednis
Chairman of the Board

Consolidated statement of changes in equity

	Issued capital	Share premium	Retained earnings	Transla-tion reserve	Total	Non-controlling interest	Total equity
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Balance at 1 January 2024	**11,251**	**5,996**	**110,621**	**(10,301)**	**117,567**	**20,678**	**138,245**
Effect of adoption of new accounting standards	-	-	-	-	-	-	-
Balance at 1 January 2024 (restated)	**11,251**	**5,996**	**110,621**	**(10,301)**	**117,567**	**20,678**	**138,245**
Other comprehensive income	-	-	-	(6,462)	(6,462)	(2,213)	(8,675)
Profit for the period	-	-	11,892	-	11,892	2,231	14,123
Total recognized income and expense for 2024	**11,251**	**5,996**	**122,513**	**(16,763)**	**122,997**	**20,696**	**143,693**
Dividend relating to prior years	-	-	(10,177)	-	(10,177)	(3,736)	(13,913)
Balance at 31 December 2024	**11,251**	**5,996**	**112,336**	**(16,763)**	**112,820**	**16,960**	**129,780**
Balance at 1 January 2025	**11,251**	**5,996**	**112,336**	**(16,763)**	**112,820**	**16,960**	**129,780**
Other comprehensive income	-	-	-	13,147	13,147	2,981	16,128
Profit for the period	-	-	12,153	-	12,153	1,321	13,474
Total recognized income and expense for 2025	**-**	**-**	**12,153**	**13,147**	**25,300**	**4,302**	**29,602**
Dividend relating to prior years	-	-	(9,409)	-	(9,409)	(509)	(9,918)
Acquisition of a subsidiary	-	-	-	-	-	391	391
Disposal of subsidiary	-	-	-	-	-	4,058	4,058
Balance at 31 December 2025	**11,251**	**5,996**	**115,080**	**(3,616)**	**128,711**	**25,202**	**153,913**

	Share capital	Share premium	Retained earnings	Transla-tion reserve	Total	Non-controlling interest	Total equity
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Balance at 1 January 2024	**9,901**	**4,974**	**84,543**	**6,978**	**106,396**	**18,713**	**125,109**
Effect of adoption of new accounting standards	-	-	-	-	-	-	-
Balance at 1 January 2024 (restated)	**9,901**	**4,974**	**84,543**	**6,978**	**106,396**	**18,713**	**125,109**
Other comprehensive income	-	-	-	632	632	(939)	(307)
Profit for the period	-	-	10,989	-	10,989	2,062	13,051
Total recognized income and expense for 2024	**-**	**-**	**10,989**	**632**	**11,621**	**1,123**	**12,744**
Dividend relating to prior years	-	-	(9,421)	-	(9,421)	(3,511)	(12,932)
Balance at 31 December 2024	**9,901**	**4,974**	**86,111**	**7,610**	**108,596**	**16,325**	**124,921**
Balance at 1 January 2025	**9,901**	**4,974**	**86,111**	**7,610**	**108,596**	**16,325**	**124,921**
Other comprehensive income	-	-	-	(1,523)	(1,523)	517	(1,006)
Profit for the period	-	-	10,754	-	10,754	1,169	11,923
Total recognized income and expense for 2025	**-**	**-**	**10,754**	**(1,523)**	**9,231**	**1,686**	**10,917**
Dividend relating to prior years	-	-	(8,286)	-	(8,286)	(490)	(8,776)
Acquisition of a subsidiary	-	-	-	-	-	361	361
Disposal of subsidiary	-	-	-	-	-	3,567	3,567
Balance at 31 December 2025	**9,901**	**4,974**	**88,579**	**6,087**	**109,541**	**21,449**	**130,990**

The notes on page 10 are an integral part of these consolidated financial statements.

Consolidated cash flows statement

	Jan-Dec 2025	Jan-Dec 2024	Jan-Dec 2025	Jan-Dec 2024
Cash flows from operating activities	**USD'000**	**USD'000**	**EUR'000**	**EUR'000**
Profit before tax	15,998	17,785	14,157	16,435
Adjustment to reconcile profit before tax to net cash flows				
Depreciation and amortization	3,197	2,887	2,829	2,668
Loss on disposal of property, plant and equipment	-	307	-	284
Interest income	(730)	(1,062)	(646)	(981)
Interest expenses	10,552	9,293	9,338	8,588
Fair value (gain)/losses on derivative financial instruments, net	(67)	85	(81)	90
Movements in provisions and allowances	(4,044)	133	(3,921)	368
Share of net profit of associate and a joint venture	(1,018)	(399)	(888)	(369)
Loss/(Gain) on disposal of subsidiary	0	(1)	0	(1)
Gain on disposal of property, plant and equipment	(60)	-	(53)	-
Working capital adjustments:				
Decrease/(Increase) in trade and other receivables	(34,541)	(1,201)	(10,535)	(10,863)
Decrease/(Increase) in inventories	(44,357)	(747)	(23,440)	(8,104)
(Decrease)/ Increase in trade and other payables	55,772	(4,956)	24,703	1,898
Interest received	730	1,062	646	981
Interest paid	(10,552)	(9,293)	(9,338)	(8,588)
Income tax paid	(4,405)	(4,151)	(4,040)	(3,830)
Increase in other current financial investments	432	10	368	10
Net cash flows used in operating activities	**(13,093)**	**9,752**	**(900)**	**(1,415)**
Cash flows from investing activities				
Proceeds (loss) from sale of property, plant and equipment	(60)	(307)	(53)	(284)
Purchases of property, plant and equipment and intangible assets	(7,261)	(1,818)	(6,426)	(1,680)
Net cash outflow on disposal of subsidiary	(235)	-	(200)	-
Acquisition of a subsidiary, net of cash acquired	(2,236)	(38)	(2,100)	(34)
Net cash flows from / (used in) investing activities	**(9,792)**	**(2,163)**	**(8,779)**	**(1,998)**
Cash flows from financing activities				
Bonds received	10,057	-	8,559	-
Proceeds from bank overdrafts, net	18,992	9,977	3,506	14,447
Dividends paid to equity holders of the parent	(2,984)	(4,579)	(2,559)	(4,181)
Dividends paid to the Minority shareholders	(509)	(3,736)	(490)	(3,511)
Net cash flows (used in) / from financing activities	**25,556**	**1,662**	**9,016**	**6,755**
Net decrease in cash and cash equivalents	**2,671**	**9,251**	**(663)**	**3,342**
Cash and cash equivalents at beginning of the year	26,332	26,073	25,346	23,595
Exchange gains / (losses) on cash	-	-	-	-
Cash and cash equivalents at end of the period	**29,003**	**35,324**	**24,683**	**26,937**

The notes on page 10 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1. General principles

These interim consolidated financial statements for 12 months ended 30 December 2025 have been prepared in accordance with International Financial Reporting Standards (IFRS). The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2024.

2. Share capital

The total authorised and issued number of ordinary shares is 9,785 thousand shares (2024: 9,785 thousand shares) with a value of USD 1.1358 per share (2024: USD 1.1358 per share) and with value of EUR 1.00 per share (2024: EUR 1.00 per share) and 115.99 thousand (2024: 115.99 shares) personal non voting shares with value of USD 1.1358 per share and with value of EUR 1.00 per share (2024: EUR 1.00 per share). All issued shares are fully paid. There are no share options in any of the years presented.

3. Borrowings

	31.12.2025	31.12.2024	31.12.2025	31.12.2024
Non-current	**USD'000**	**USD'000**	**EUR'000**	**EUR'000**
Bonds	23,500	20,778	20,000	20,000
Borrowings from shareholders	0	2,507	0	2,413
Lease liabilities IFRS16	11,487	11,487	11,057	11,057
Finance lease liabilities	1	12	1	11
	34,988	**34,784**	**31,058**	**33,481**
Current				
Bank borrowings and bonds*	102,848	74,564	85,792	71,773
Lease liabilities IFRS16	4,108	4,108	3,954	3,954
Finance lease liabilities	14	516	12	497
	110,488	**79,188**	**92,752**	**76,224**
Total borrowings	**145,476**	**113,972**	**123,810**	**109,705**

*Financial covenants set by bond program i) Consolidated ratio of Equity (Total Equity increased by outstanding subordinated loans) to Assets (Total Assets decreased by IFRS 16 influence) is 35.4%. Minimal requirement is 16%. Covenant is fulfilled. ii) Consolidated Interest Coverage Ratio (Earnings before interest payments and taxes (EBIT) to Interest expenses) is 2.45 times. Minimal requirement is 1.5 times. Covenant is fulfilled.

4. Taxes

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average tax rate for 9 months ended 31 December 2025 is 15.8 % (the estimated tax rate for 12 months ended 31 December 2024 was 20.6%). The difference is mainly due to differences in profitability in the Group's subsidiaries in the respective countries, as well as the Group's policy on recognizing deferred tax assets.

5. Earnings per share

The Company has no dilutive potential shares therefore diluted earnings per share are equal to basic earning per share.
Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. There were no treasury shares.

	Jan-Sept 2025 USD'000	Jan-Dec 2024 USD'000	Jan-Sept 2025 EUR'000	Jan-Dec 2024 EUR'000
Profit attributable to equity holders of the Company	12,153	11,892	10,754	10,989
Weighted average number of ordinary shares/employee in issue (thousands)	9,901	9,901	9,901	9,901
Basic earnings (USD and EUR per share)	1.23	1.20	1.09	1.11

6. Related party transactions

Terms and conditions of transactions with related parties:
The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the period-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the quarter ended 31 December 2025, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

7. Subsequent events

In January 2, 2026, Gandalf Distribution AB, 100% subsidiary of Akciju sabiedrība ELKO Grupa, has signed share purchase agreement for acquisition of 60% of Finnish company Bat.Power OY. According to the agreement, there is an option to acquire remaining 40% of stock in two years with valuation subject to performance of the company.
Otherwise, there have been no subsequent events after the last date of the reporting period that would significantly affect the Company's financial position as of 31 December 2025.