



Akciju Sabiedrība ELKO GRUPA

Unaudited Consolidated Financial Statements

For 3 months ended 31 March 2026

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Akciju Sabiedrība ELKO Grupa Management report on operational consolidated financial statements for 3 months period ended 31 March 2026

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 980 people and is headquartered in Riga, Latvia.

Financial analysis

Akciju Sabiedrība ELKO Grupa consolidated turnover during the 3 months of 2026 reached USD 297.2m (EUR 254.0m), a 17.37% increase over the corresponding period in 2025. The fastest growing product segment remains small domestic appliances - partnership with ambitious and fast evolving vendors in combination with ELKO brand acceleration capabilities has been the main topline driver. It is closely followed by PC component and mobility segments, which continued to delivered stronger performance in the first quarter of 2026. Gross profit for 3 months of 2026 reached USD 29.4m (EUR 25.1m), an increase of 42.64%, which both capitalises on the medium term market environment in component business, but also reflects continued shift towards higher margin business in the portfolio. The Company's net profit reached USD 3.0m (EUR 2.6m). Given that majority of operational expenses are denominated in local currencies, net profit has been negatively influenced by devaluation of USD during the period. The Company continues to maintain strong cost control to ensure operational expenses are aligned with business development.

All geographies, but one region, demonstrated solid double digit growth in Q1 2026. Telecommunications segment remained challenged due to shortage of highly demanded products impacting CEE region. High growth ambitions of SDA segment leaders continued push on working capital, as the the inventory build-up naturally precedes topline surge. EU tariff legislation brought forward robotic lawn mover segment inventories, supported by unusually high customer demand for the season. Computing component segment increased its share of net working capital consumed in order to capitalise on current pricing dynamics, which contributed to significant boost of margin. Personal computing remained stable, while vendors continued to adapt their strategies in light of significant increases in component costs and mixed customer sentiment in light of possible high-inflation environment.

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.

During the reporting period, ELKO expanded into Finland through the majority acquisition of Bat Power Oy. On January 2, 2026, Gandalf Distribution AB, a 100% subsidiary of Akciju sabiedrība ELKO Grupa, signed a share purchase agreement to acquire 60% of the Finnish company Bat Power Oy, with an option to acquire the remaining 40% within two years, subject to the company's performance. The transaction supports ELKO's strategic ambition to strengthen its Nordic operations and drive incremental growth through this market.

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., Gandalf Distribution AB, Logicworks s.r.o., Westech HU Kft. (previous name: Game Distribution Kft.), SWISS spol. s.r.o., SWISS CZ s.r.o., ELKO Nordics Shared Services AB, EDN Webshop AB, and Renewed AB, Bat.Power OY (from 02.01.2026).

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.

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

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 March 2026.



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 March 31, 2026, and of its financial operations for the period ended 31 March 2026. 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-Mar 2026 USD'000	Jan-Mar 2025 USD'000	Jan-Mar 2026 EUR'000	Jan-Mar 2025 EUR'000
Revenue		297,212	253,221	254,041	240,628
Cost of sales		(267,847)	(232,634)	(228,941)	(221,064)
Gross profit		29,365	20,587	25,100	19,564
Distribution expenses		(2,677)	(1,584)	(2,288)	(1,505)
Administrative expenses		(19,887)	(14,720)	(16,999)	(13,989)
Other income		1,184	644	1,012	613
Other expenses		(1,249)	(1,564)	(1,068)	(1,487)
Operating profit		6,736	3,363	5,757	3,196
Finance income		180	166	154	158
Finance expenses		(2,549)	(1,825)	(2,179)	(1,734)
Finance income/ (expenses) – net		(2,369)	(1,659)	(2,025)	(1,576)
Profit before income tax		4,367	1,704	3,732	1,620
Income tax expense	4	(1,333)	(285)	(1,139)	(271)
Profit for the period		3,034	1,419	2,593	1,349
Attributable to:					
Equity holders of the Company		3,180	1,148	2,718	1,091
Non-controlling interest		(146)	271	(125)	258
		3,034	1,419	2,593	1,349
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	0.32	0.12	0.27	0.11
Other comprehensive income to be reclassified to profit loss in subsequent periods					
Exchange differences on translation of foreign operations		(2,698)	(36)	363	(4,971)
Total comprehensive income to be reclassified to profit loss in subsequent periods for the year		336	1,383	2,956	(3,622)
Attributable to:					
Equity holders of the Company		1,040	237	3,099	(4,059)
Non-controlling interest		(704)	1,146	(143)	437
		336	1,383	2,956	(3,622)

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



Egons Mednis
Chairman of the Board

Consolidated balance sheet

	Note	31.03.2026 USD'000	31.12.2025 USD'000	31.03.2026 EUR'000	31.12.2025 EUR'000
ASSETS					
Non-current assets					
Property, plant and equipment		9,009	9,288	7,835	7,904
Intangible assets		1,031	1,081	897	920
Right-of-use assets		24,237	24,483	21,079	20,837
Goodwill on acquisition of subsidiary		5,174	4,097	4,500	3,487
Investments in associates		5,447	5,411	4,737	4,605
Long term loans		416	460	362	392
		45,314	44,820	39,410	38,145
Current assets					
Inventories		232,918	169,656	202,572	144,388
Current income tax receivable		1,309	1,086	1,139	924
Short term loans		1,823	1,841	1,585	1,567
Other current financial investments		3,571	3,588	3,110	3,054
Trade and other receivables		188,668	201,555	164,088	171,536
Derivative financial instruments		122	49	106	42
Cash and cash equivalents		10,443	29,003	9,079	24,683
		438,854	406,778	381,679	346,194
Total assets		484,168	451,598	421,089	384,339
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		(11,952)	(9,812)	1,166	785
Retained earnings		113,090	115,910	86,921	89,314
		118,385	123,345	102,962	104,974
Non-controlling interest in equity		24,775	25,202	21,547	21,449
Total equity	2	143,160	148,547	124,509	126,423
LIABILITIES					
Non-current liabilities					
Interest-bearing loans and borrowings		23,010	23,516	20,012	20,014
Lease liabilities		20,605	20,605	17,536	17,536
	3	43,615	44,121	37,548	37,550
Current liabilities					
Trade and other payables		179,134	146,863	155,795	124,989
Interest-bearing loans and borrowings	3	107,729	101,360	94,174	86,264
Interest-bearing loans from related	3	3,518	3,518	3,064	2,994
Lease liabilities	3	5,329	5,329	4,535	4,535
Income tax payable		1,681	1,687	1,462	1,436
Provisions	2	2	68	2	58
Derivative financial instruments		-	105	-	90
		297,393	258,930	259,032	220,366
Total liabilities		341,008	303,051	296,580	257,916
Total equity and liabilities		484,168	451,598	421,089	384,339

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 2025	11,251	5,996	112,336	(16,763)	112,820	16,960	129,780
Effect of adoption of new accounting standards	-	-	-	-	-	-	-
Balance at 1 January 2025 (restated)	11,251	5,996	112,336	(16,763)	112,820	16,960	129,780
Other comprehensive income	-	-	-	6,951	6,951	2,947	9,898
Profit for the period	-	-	12,983	-	12,983	1,321	14,304
Total recognized income and expense for 2025	11,251	5,996	125,319	(9,812)	132,754	21,228	153,982
Dividend relating to prior years	-	-	(9,409)	-	(9,409)	(509)	(9,918)
Acquisition of a subsidiary	-	-	-	-	-	425	425
Disposal of subsidiary	-	-	-	-	-	4,058	4,058
Balance at 31 December 2025	11,251	5,996	115,910	(9,812)	123,345	25,202	148,547
Balance at 1 January 2026	11,251	5,996	115,910	(9,812)	123,345	25,202	148,547
Other comprehensive income	-	-	-	(2,140)	(2,140)	(558)	(2,698)
Profit for the period	-	-	3,180	-	3,180	(146)	3,034
Total recognized income and expense for 2026	-	-	3,180	(2,140)	1,040	(704)	336
Dividend relating to prior years	-	-	(6,000)	-	(6,000)	-	(6,000)
Acquisition of a subsidiary	-	-	-	-	-	277	277
Balance at 31 March 2026	11,251	5,996	113,090	(11,952)	118,385	24,775	143,160

	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 2025	9,901	4,974	86,111	7,610	108,596	16,325	124,921
Effect of adoption of new accounting standards	-	-	-	-	-	-	-
Balance at 1 January 2025 (restated)	9,901	4,974	86,111	7,610	108,596	16,325	124,921
Other comprehensive income	-	-	-	(6,825)	(6,825)	516	(6,309)
Profit for the period	-	-	11,489	-	11,489	1,169	12,658
Total recognized income and expense for 2025	-	-	11,489	(6,825)	4,664	1,685	6,349
Dividend relating to prior years	-	-	(8,286)	-	(8,286)	(490)	(8,776)
Acquisition of a subsidiary	-	-	-	-	-	362	362
Disposal of subsidiary	-	-	-	-	-	3,567	3,567
Balance at 31 December 2025	9,901	4,974	89,314	785	104,974	21,449	126,423
Balance at 1 January 2026	9,901	4,974	89,314	785	104,974	21,449	126,423
Other comprehensive income	-	-	-	381	381	(18)	363
Profit for the period	-	-	2,718	-	2,718	(125)	2,593
Total recognized income and expense for 2026	-	-	2,718	381	3,099	(143)	2,956
Dividend relating to prior years	-	-	(5,111)	-	(5,111)	-	(5,111)
Acquisition of a subsidiary	-	-	-	-	-	241	241
Balance at 31 March 2026	9,901	4,974	86,921	1,166	102,962	21,547	124,509

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

Consolidated cash flows statement

	Jan-Mar 2026	Jan-Mar 2025	Jan-Mar 2026	Jan-Mar 2025
	USD'000	USD'000	EUR'000	EUR'000
Cash flows from operating activities				
Profit before tax	4,367	2,646	3,732	2,435
Adjustment to reconcile profit before tax to net cash flows				
Depreciation and amortization	978	702	836	646
Loss on disposal of property, plant and equipment	-	(96)	-	(88)
Interest income	(180)	(419)	(154)	(386)
Interest expenses	2,549	2,021	2,179	1,861
Fair value (gain)/losses on derivative financial instruments, net	(32)	(75)	(26)	(67)
Movements in provisions and allowances	10	(204)	9	(108)
Share of net profit of associate and a joint venture	(150)	(122)	(131)	(112)
Gain on disposal of property, plant and equipment	(58)	-	(50)	-
Working capital adjustments:				
Decrease/(Increase) in trade and other receivables	8,888	10,637	3,971	6,470
Decrease/(Increase) in inventories	(71,060)	(17,930)	(64,966)	(19,151)
(Decrease)/ Increase in trade and other payables	42,645	(8,007)	41,467	(3,098)
Interest received	180	419	154	386
Interest paid	(2,549)	(2,021)	(2,179)	(1,861)
Income tax paid	(1,818)	(1,287)	(1,554)	(1,185)
Increase in other current financial investments	(17)	(10)	(15)	(9)
Net cash flows used in operating activities	(16,247)	(13,746)	(16,727)	(14,267)
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	60	(96)	51	(89)
Purchases of property, plant and equipment and intangible assets	(746)	(771)	(638)	(710)
Acquisition of a subsidiary, net of cash acquired	(2,869)	-	(2,436)	-
Net cash flows from / (used in) investing activities	(3,555)	(867)	(3,023)	(799)
Cash flows from financing activities				
Proceeds from bank overdrafts, net	5,801	3,045	7,966	4,828
Dividends paid to equity holders of the parent	(4,559)	(4,000)	(3,821)	(3,641)
Dividends paid to the Minority shareholders	-	(165)	-	(153)
Net cash flows (used in) / from financing activities	1,242	(1,120)	4,145	1,035
Net decrease in cash and cash equivalents	(18,560)	(15,733)	(15,604)	(14,031)
Cash and cash equivalents at beginning of the year	29,003	26,073	24,683	23,595
Exchange gains / (losses) on cash	-	-	-	-
Cash and cash equivalents at end of the period	10,443	10,340	9,079	9,564

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 3 months ended 31 March 2026 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 2025.

2. Share capital

The total authorised and issued number of ordinary shares is 9,785 thousand shares (2025: 9,785 thousand shares) with a value of USD 1.1358 per share (2025: USD 1.1358 per share) and with value of EUR 1.00 per share (2025: EUR 1.00 per share) and 115.99 thousand (2025: 115.99 shares) personal non voting shares with value of USD 1.1358 per share and with value of EUR 1.00 per share (2025: EUR 1.00 per share). All issued shares are fully paid. There are no share options in any of the years presented.

3. Borrowings

	31.03.2026	31.12.2025	31.03.2026	31.12.2025
	USD'000	USD'000	EUR'000	EUR'000
Non-current				
Bonds*	22,996	23,515	20,000	20,013
Lease liabilities IFRS16	20,605	20,605	17,536	17,536
Finance lease liabilities	14	1	12	1
	43,615	44,121	37,548	37,550
Current				
Bank borrowings	107,436	101,346	93,919	86,252
Borrowings from shareholders	3,518	3,518	3,064	2,994
Lease liabilities IFRS16	5,329	5,329	4,535	4,535
Finance lease liabilities	293	14	255	12
	116,576	110,207	101,773	93,793
Total borrowings	160,191	154,328	139,321	131,343

*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 31.2%. Minimal requirement is 16%. Covenant is fulfilled. ii) Consolidated Interest Coverage Ratio (Earnings before interest payments and taxes (EBIT) to Interest expenses) is 2.54 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 3 months ended 31 March 2026 is 30.5 % (the estimated tax rate for 3 months ended 31 March 2025 was 16.7%). 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-Mar 2026	Jan-Mar 2025	Jan-Mar 2026	Jan-Mar 2025
	USD'000	USD'000	EUR'000	EUR'000
Profit attributable to equity holders of the Company	3,180	1,148	2,718	1,091
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)	<u>0.32</u>	<u>0.12</u>	<u>0.27</u>	<u>0.11</u>

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 March 2026, 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

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 March 2026.