



## Akciju Sabiedrība ELKO GRUPA

Unaudited Consolidated Financial Statements  
For 3 months ended 31 March 2022

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## **Akciju Sabiedrība ELKO Grupa Management report on operational consolidated financial statements for 3 months period ended 31 March 2022**

### **Business activities**

Akciju Sabiedrība ELKO Grupa (hereinafter – the Company) is one of the region's largest distributors of IT and consumer electronics products and solutions.

The ELKO Group represents about 400 IT and consumer electronic goods manufacturers and provides a wide range of products and services to more than 10 000 retailers, local computer manufacturers, system integrators and enterprises within various sectors in 31 countries in Europe and Central Asia. Currently, ELKO Group employs more than 1 500 people and is headquartered in Riga, Latvia.

The key to the success of Akciju Sabiedrība ELKO Grupa, as the parent company, is the long-term strategy for cooperation with vendors developed over the years, a centralized purchase system, and the functionality of business-process and financial management.

### **Financial analysis**

Akciju Sabiedrība ELKO Grupa consolidated turnover during the 3 months of 2022 reached USD 389m (EUR 347m), which is a 18.51% decrease over the corresponding period in 2021. Gross profit reached USD 34.1m (EUR 30.4m), an increase of 31.59% compared to the same period of the previous year. Since the beginning of the war in Ukraine in late February, ELKO Group has stopped supplying goods to the Russian market, following international sanctions. ELKO subsidiaries in Russia imposed severe measures to mitigate credit and currency risks, that slowed down sales in Russia. At the same time, demand remained very strong and profitability increased considerably. ELKO continued to rigidly stick to its hedging policy and was close to zero ruble exposure in late February when ruble devaluated noticeably. As financial institutions withdrew possibility to hedge rubles in March, ELKO remained with long ruble position, yet ruble appreciated during March that resulted in income from ruble fluctuation.

Regarding Ukrainian market, there was no sales during March. However, in April sales in Ukraine were recovering and there is positive tendency in cash collection from customers. Nevertheless, ELKO takes all necessary measures not to expose itself to risks and that keeps sales in Ukraine at comparably low level. Given presence of increased risk in Ukraine, ELKO has created 10m USD provisions for debtors and stock, that are accounted under other expenses. Management of ELKO believes that it is unlikely that entire amount will be written off. Operations in other geographies are affected to small extent, demand and profitability are at healthy level.

### **Prospects**

The Company's performance is and will be influenced by macroeconomic, competitive and political factors and the development of markets where the Company has cooperation partners. The key factors driving the Company's growth were significant expansion of the product portfolio, and the addition of new distribution areas to existing distribution agreements during the year.

In light of mentioned risks in Ukraine, main mid-term focus in the market will be to minimise potential risks of losses by decreasing exposure in the market. Bearing in mind risks of presence in Russian market, a decision to divest Russian division has been taken and the transaction has been closed at the end of April. Thus, Russian division will not be consolidated into ELKO starting from second quarter 2022.

In the light of given market risks, management has assigned priority to the continuous management of working capital.

### **Akciju Sabiedrība ELKO Grupa structure**

Akciju Sabiedrība ELKO Grupa 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 Marketing Ltd., ELKO Mobile Ltd., ELKO Ukraine LLC, ELKO Rus LTD (until 18.04.2022), Gandalf Distribution AB, ELKO Trading Malta LTD, TD Absolut LTD (until 18.04.2022), Arašid spol. s r.o., Logicworks s.r.o., Westech HU Kft. (previous name: Game Distribution Kft.), SWISS spol. s r.o., SWISS CZ s.r.o., IT Smart Distribution SRL and ЭЛКО Ритейл ООО (until 18.04.2022).

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, and SWISS CZ s.r.o. with 26% of shares.

### **Financial risk management**

#### **Multi-currency risk**

The Company operates internationally and is exposed to foreign exchange risks accordingly, primarily from the US dollar, euro, Russian rouble, 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 a variety of 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 US dollar and Russian rouble, 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.

**Management report (cont'd)****Financial risk management (cont'd)*****Interest-rate risk***

The Company utilises short-term borrowing for the partial financing of its current assets. All of the 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 minimized through credit-risk insurance, but mainly the risk is minimized 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 price reduction or declines in market prices.

***Liquidity risk***

Prudent liquidity-risk management includes maintaining sufficient cash, 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 the management of working capital.

***Events after the balance sheet date***

At the end of April divestment of Russian division has been closed. As a result of the transaction, subsidiaries of ELKO in Russia, ELKO Rus, TD Absolut and ЭЛКО Ритейл, have been sold. Otherwise, there have been no subsequent events after the last date of the reporting period that would have a significant effect on the financial position of the Company as at 31 March 2022.



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 true and fair view in all material aspects of the financial position of the ELKO Group as of March 31, 2022 and of its financial operations for the period ended 31 March 2022. 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 the true and fair view of the financial position of the ELKO Group 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 balance sheet

	Note	31.03.2022 USD'000	31.12.2021 USD'000	31.03.2022 EUR'000	31.12.2021 EUR'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment		6,599	6,545	5,944	5,779
Intangible assets		1,963	1,518	1,769	1,341
Right-of-use assets		21,869	22,166	19,700	19,571
Goodwill on acquisition of subsidiary		4,139	2,202	3,728	1,944
Long term loans		570	562	513	496
		<b>35,140</b>	<b>32,993</b>	<b>31,654</b>	<b>29,131</b>
<b>Current assets</b>					
Inventories		297,749	319,490	268,218	282,086
Current income tax receivable		1,099	970	990	856
Trade and other receivables		226,197	373,551	203,763	329,817
Derivative financial instruments		10	-	9	-
Cash deposits		548	956	493	844
Cash and cash equivalents		40,868	40,053	36,815	35,364
		<b>566,471</b>	<b>735,020</b>	<b>510,288</b>	<b>648,967</b>
<b>Total assets</b>		<b>601,611</b>	<b>768,013</b>	<b>541,942</b>	<b>678,098</b>
<b>EQUITY</b>					
<b>holders of the Company</b>					
Ordinary shares		11,251	11,251	9,901	9,901
Share premium		5,996	5,996	4,974	4,974
Translation reserve		(17,585)	(9,966)	(2,672)	1,884
Retained earnings		126,254	116,715	101,224	92,721
		<b>125,916</b>	<b>123,996</b>	<b>113,427</b>	<b>109,480</b>
<b>Non-controlling interest in equity</b>		<b>15,913</b>	<b>18,002</b>	<b>14,335</b>	<b>15,894</b>
<b>Total equity</b>	2	<b>141,829</b>	<b>141,998</b>	<b>127,762</b>	<b>125,374</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Interest-bearing loans and borrowings		22,425	22,919	20,201	20,236
Interest-bearing loans from related		19,619	19,619	17,633	17,322
Lease liabilities		18,704	18,704	16,515	16,515
	3	<b>60,748</b>	<b>61,242</b>	<b>54,349</b>	<b>54,073</b>
<b>Current liabilities</b>					
Trade and other payables		182,375	327,856	164,287	289,472
Interest-bearing loans and borrowings	3	198,978	222,003	179,692	196,011
Interest-bearing loans from related	3	-	331	-	292
Lease liabilities	3	4,205	4,271	3,713	3,771
Income tax payable		6,977	7,087	6,285	6,257
Provisions		6,494	3,211	5,850	2,835
Derivative financial instruments		5	14	4	13
		<b>399,034</b>	<b>564,773</b>	<b>359,831</b>	<b>498,651</b>
<b>Total liabilities</b>		<b>459,782</b>	<b>626,015</b>	<b>414,180</b>	<b>552,724</b>
<b>Total equity and liabilities</b>		<b>601,611</b>	<b>768,013</b>	<b>541,942</b>	<b>678,098</b>

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



Egons Mednis  
 Chairman of the Board

## Consolidated income statement

	Note	Jan-Mar 2022 USD'000	Jan-Mar 2021 USD'000	Jan-Mar 2022 EUR'000	Jan-Mar 2021 EUR'000
Revenue		389,243	477,676	346,938	396,233
Cost of sales		(355,102)	(451,731)	(316,505)	(374,713)
<b>Gross profit</b>		<b>34,141</b>	<b>25,945</b>	<b>30,433</b>	<b>21,520</b>
Distribution expenses		(2,907)	(4,033)	(2,591)	(3,345)
Administrative expenses		(15,750)	(13,713)	(14,039)	(11,375)
Other income		12,087	1,813	10,773	1,504
Other expenses		(10,046)	(1,132)	(8,954)	(938)
<b>Operating profit</b>		<b>17,525</b>	<b>8,880</b>	<b>15,622</b>	<b>7,366</b>
Finance income		332	70	296	58
Finance expenses		(4,652)	(2,613)	(4,147)	(2,167)
<b>Finance income/ (expenses) – net</b>		<b>(4,320)</b>	<b>(2,543)</b>	<b>(3,851)</b>	<b>(2,109)</b>
<b>Profit before income tax</b>		<b>13,205</b>	<b>6,337</b>	<b>11,771</b>	<b>5,257</b>
Income tax expense	4	(3,049)	(935)	(2,718)	(776)
<b>Profit for the period</b>		<b>10,156</b>	<b>5,402</b>	<b>9,053</b>	<b>4,481</b>
<b>Attributable to:</b>					
Equity holders of the Company		9,539	4,838	8,503	4,013
Non-controlling interest		617	564	550	468
		<b>10,156</b>	<b>5,402</b>	<b>9,053</b>	<b>4,481</b>
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	<b>0.96</b>	<b>0.49</b>	<b>0.87</b>	<b>0.41</b>
<b>Other comprehensive income to be reclassified to profit loss in subsequent periods</b>					
Exchange differences on translation of foreign operations		(7,875)	(5,283)	(4,502)	141
<b>Total comprehensive income to be reclassified to profit loss in subsequent periods for the year</b>		<b>2,281</b>	<b>119</b>	<b>4,551</b>	<b>4,622</b>
<b>Attributable to:</b>					
Equity holders of the Company		1,920	355	3,947	4,198
Non-controlling interest		(2,089)	(236)	(1,559)	424
		<b>(169)</b>	<b>119</b>	<b>2,388</b>	<b>4,622</b>

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	Translation reserve	Total	Non-controlling interest	Total equity
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
<b>Balance at 1 January 2021</b>	<b>11,251</b>	<b>5,996</b>	<b>91,886</b>	<b>(6,516)</b>	<b>102,617</b>	<b>16,475</b>	<b>119,092</b>
<b>Balance at 1 January 2021 (restated)</b>	<b>11,251</b>	<b>5,996</b>	<b>91,886</b>	<b>(6,516)</b>	<b>102,617</b>	<b>16,475</b>	<b>119,092</b>
Other comprehensive income	-	-	-	(3,450)	(3,450)	(1,294)	(4,744)
Profit for the period	-	-	40,141	-	40,141	4,277	44,418
<b>Total recognized income and expense for 2021</b>	<b>11,251</b>	<b>5,996</b>	<b>132,027</b>	<b>(9,966)</b>	<b>139,308</b>	<b>19,458</b>	<b>158,766</b>
Dividend relating to prior years	-	-	(15,312)	-	(15,312)	(1,456)	(16,768)
<b>Balance at 31 December 2021</b>	<b>11,251</b>	<b>5,996</b>	<b>116,715</b>	<b>(9,966)</b>	<b>123,996</b>	<b>18,002</b>	<b>141,998</b>
<b>Balance at 1 January 2022</b>	<b>11,251</b>	<b>5,996</b>	<b>116,715</b>	<b>(9,966)</b>	<b>123,996</b>	<b>18,002</b>	<b>141,998</b>
Other comprehensive income	-	-	-	(7,619)	(7,619)	(256)	(7,875)
Disposal of subsidiary	-	-	-	-	-	(2,450)	(2,450)
Profit for the period	-	-	9,539	-	9,539	617	10,156
<b>Total recognized income and expense for 2022</b>	<b>-</b>	<b>-</b>	<b>9,539</b>	<b>(7,619)</b>	<b>1,920</b>	<b>(2,089)</b>	<b>(169)</b>
Dividend relating to prior years	-	-	-	-	-	-	-
<b>Balance at 31 Mar 2022</b>	<b>11,251</b>	<b>5,996</b>	<b>126,254</b>	<b>(17,585)</b>	<b>125,916</b>	<b>15,913</b>	<b>141,829</b>

	Share capital	Share premium	Retained earnings	Translation reserve	Total	Non-controlling interest	Total equity
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
<b>Balance at 1 January 2021</b>	<b>9,901</b>	<b>4,974</b>	<b>71,542</b>	<b>(2,792)</b>	<b>83,625</b>	<b>13,426</b>	<b>97,051</b>
<b>Balance at 1 January 2021 (restated)</b>	<b>9,901</b>	<b>4,974</b>	<b>71,542</b>	<b>(2,792)</b>	<b>83,625</b>	<b>13,426</b>	<b>97,051</b>
Other comprehensive income	-	-	-	4,676	4,676	78	4,754
Profit for the period	-	-	33,932	-	33,932	3,615	37,547
<b>Total recognized income and expense for 2021</b>	<b>-</b>	<b>-</b>	<b>33,932</b>	<b>4,676</b>	<b>38,608</b>	<b>3,693</b>	<b>42,301</b>
Dividend relating to prior years	-	-	(12,753)	-	(12,753)	(1,225)	(13,978)
<b>Balance at 31 December 2021</b>	<b>9,901</b>	<b>4,974</b>	<b>92,721</b>	<b>1,884</b>	<b>109,480</b>	<b>15,894</b>	<b>125,374</b>
<b>Balance at 1 January 2022</b>	<b>9,901</b>	<b>4,974</b>	<b>92,721</b>	<b>1,884</b>	<b>109,480</b>	<b>15,894</b>	<b>125,374</b>
Other comprehensive income	-	-	-	(4,556)	(4,556)	54	(4,502)
Disposal of subsidiary	-	-	-	-	-	(2,163)	(2,163)
Profit for the period	-	-	8,503	-	8,503	550	9,053
<b>Total recognized income and expense for 2022</b>	<b>-</b>	<b>-</b>	<b>8,503</b>	<b>(4,556)</b>	<b>3,947</b>	<b>(1,559)</b>	<b>2,388</b>
Dividend relating to prior years	-	-	(0)	-	(0)	-	(0)
<b>Balance at 31 Mar 2022</b>	<b>9,901</b>	<b>4,974</b>	<b>101,224</b>	<b>(2,672)</b>	<b>113,427</b>	<b>14,335</b>	<b>127,762</b>

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



## Consolidated cash flows statement

	Jan-Mar 2022 USD'000	Jan-Mar 2021 USD'000	Jan-Mar 2022 EUR'000	Jan-Mar 2021 EUR'000
<b>Cash flows from operating activities</b>				
Profit before tax	13,205	6,337	11,771	5,257
Adjustment to reconcile profit before tax to net cash flows				
Depreciation and amortization	740	693	667	575
Loss on disposal of property, plant and equipment				
Interest income	(332)	(70)	(296)	(58)
Interest expenses	4,652	2,613	4,147	2,167
Fair value (gain)/losses on derivative financial instruments, net	1	18	(1)	19
Movements in provisions and allowances	3,283	(131)	2,639	(34)
Share of net profit of associate and a joint venture	(2,353)	-	(2,078)	-
Gain on disposal of property, plant and equipment	(60)	(1)	(54)	(1)
Working capital adjustments:				
Decrease/(Increase) in trade and other receivables	147,225	65,943	169,768	44,015
Decrease/(Increase) in inventories	21,741	(73,440)	51,272	(69,763)
(Decrease)/ Increase in trade and other payables	(154,454)	(49,498)	(180,967)	(29,072)
Interest received	332	70	296	58
Interest paid	(4,652)	(2,613)	(4,147)	(2,167)
Income tax paid	(2,863)	(4,404)	(2,552)	(3,653)
<b>Net cash flows used in operating activities</b>	<b>26,465</b>	<b>(54,483)</b>	<b>50,465</b>	<b>(52,657)</b>
<b>Cash flows from investing activities</b>				
Proceeds from sale of property, plant and equipment	19	-	17	-
Purchases of property, plant and equipment and intangible assets	(950)	(411)	(856)	(341)
Sale of / (Acquisition) of a subsidiary	85	-	75	-
Increase / (Decrease) from cash deposits	(408)	(2,657)	(368)	(2,165)
<b>Net cash flows from / (used in) investing activities</b>	<b>(1,255)</b>	<b>(3,068)</b>	<b>(1,131)</b>	<b>(2,507)</b>
<b>Cash flows from financing activities</b>				
Bonds received	-	23,162	-	20,000
Proceeds from bank overdrafts, net	(23,842)	35,754	(47,395)	37,889
Cash increase (decrease) due to disposal of subsidiary	(553)	-	(488)	-
<b>Net cash flows (used in) / from financing activities</b>	<b>(24,395)</b>	<b>58,916</b>	<b>(47,883)</b>	<b>57,889</b>
<b>Net decrease in cash and cash equivalents</b>	<b>815</b>	<b>1,364</b>	<b>1,451</b>	<b>2,725</b>
Cash and cash equivalents at beginning of the year	40,053	41,101	35,364	33,494
Exchange gains / (losses) on cash	-	-	-	-
<b>Cash and cash equivalents at end of the period</b>	<b>40,868</b>	<b>42,465</b>	<b>36,815</b>	<b>36,219</b>

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

## Notes to the consolidated financial statements (continued)

### 1. General principles

These interim consolidated financial statements for 3 months ended 31 March 2022 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 2021.

### 2. Share capital

The total authorised and issued number of ordinary shares is 9,785 thousand shares (2021: 9,785 thousand shares) with a value of USD 1.1358 per share (2021: USD 1.1358 per share) and with value of EUR 1.00 per share (2021: EUR 1.00 per share) and 115.99 thousand (2021: 115.99 shares) personal non voting shares with value of USD 1.1358 per share and with value of EUR 1.00 per share (2021: EUR 1.00 per share). All issued shares are fully paid. There are no share options in any of the years presented.

### 3. Borrowings

	31.03.2022	31.12.2021	31.03.2022	31.12.2021
	USD'000	USD'000	EUR'000	EUR'000
<b>Non-current</b>				
Bonds*	22,202	22,652	20,000	20,000
Borrowings from shareholders	19,619	19,619	17,633	17,322
Lease liabilities IFRS16	18,704	18,704	16,515	16,515
Finance lease liabilities	223	267	201	236
	<b>60,748</b>	<b>61,242</b>	<b>54,349</b>	<b>54,073</b>
<b>Current</b>				
Bank borrowings	198,752	221,746	179,488	195,784
Borrowings from shareholders	-	331	-	292
Lease liabilities IFRS16	4,205	4,271	3,713	3,771
Finance lease liabilities	226	257	204	227
	<b>203,183</b>	<b>226,605</b>	<b>183,405</b>	<b>200,074</b>
<b>Total borrowings</b>	<b>263,931</b>	<b>287,847</b>	<b>237,754</b>	<b>254,147</b>

\*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 28%. Minimal requirement is 16%. Covenant is fulfilled. ii) Consolidated Interest Coverage Ratio (Earnings before interest payments and taxes (EBIT) to Interest expenses) is 4.8 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 2022 is 23.1 % (the estimated tax rate for 3 months ended 31 March 2022 was 14.8%). 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 2022	Jan-Mar 2021	Jan-Mar 2022	Jan-Mar 2021
	USD'000	USD'000	EUR'000	EUR'000
Profit attributable to equity holders of the Company	9,539	4,838	8,503	4,013
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)	0.96	0.49	0.86	0.41

### 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 2022, 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

At the end of April divestment of Russian division has been closed. As a result of the transaction, subsidiaries of ELKO in Russia, ELKO Rus, TD Absolut and ЭЛКО Ритейл, have been sold. Otherwise, there have been no subsequent events after the last date of the reporting period that would have a significant effect on the financial position of the Company as at 31 March 2022.