



Akciju Sabiedrība ELKO Grupa

Consolidated Annual Report

For the year ended 31 December 2025

Prepared in accordance with International Financial Reporting
Accounting Standards as adopted by EU

* This version of financial statements is a translation from the original, which was prepared in the Latvian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of financial statements takes precedence over this translation.

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General information

Group name	Akciju Sabiedrība ELKO Grupa
Legal status of the Group	Joint Stock Company
Unified registration number, place and date of registration	000 312 956 Riga, 14 May, 1993
	Re-registration in Commercial register 2 December, 2003 with re-registration number 4 000 312 956 4
Registered office	4 Toma street Riga LV-1003 Latvia
Shareholders	Ashington Business Inc. Limited (2,350,736 shares), United Kingdom Solsbury Inventions Limited (2,342,351 shares), United Kingdom Eurotrail SIA (1,302,762 shares), Latvia Whitebarn SIA (1,302,762 shares), Latvia KRM Serviss SIA (1,274,223 shares), Latvia Solo Investīcijas IT SIA (1,211,956 shares), Latvia Nominal value of each share EUR 1
Personal non voting shares	Svens Dinsdorfs (77,326 shares) Mārtiņš Ozoliņš (12,888 shares) Vadims Rabša (25,776 shares) Nominal value of each share EUR 1
Council Members	Andris Putāns – Chairman of the Council Edgars Kvālis – Council Member Annija Reskāja – Council Member Ēriks Strods – Council Member
Board Members	Egons Mednis – Chairman of the Board with powers to represent the Group individually, President Svens Dinsdorfs – Board Member with powers to represent the Group individually, Chief Executive Officer Mārtiņš Ozoliņš – Board Member with powers to represent the Group individually, Chief Commercial Director Vadims Rabša – Board Member with powers to represent the Group individually, Board Member, Chief Financial Officer
Procurator	Uldis Menģelis – Procurator with powers to represent the Group individually, Chief Legal Officer
Reporting year	1 January – 31 December, 2025

Management report

Business activities

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.

Financial analysis

Akciju Sabiedrība ELKO Grupa consolidated turnover for the 12 months of 2025 reached USD 1,259m (EUR 1,114m), which is a 10.17% 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 98.2m (EUR 86.9m), an increase of 10.7%, 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 14.3m (EUR 12.7m). 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 demonstrated 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.

The year 2025 remained stable in the major volume driver in the IT industry – personal computing, despite the industry-wide expectations of growth fueled by AI and the replacement cycle. Mobile communications and small domestic appliances demonstrated strong growth driven by the rapid acceleration of business with several segment-leading vendors. Most of the other categories, including PC components, remained flat or in slight decline. A few selected product segments demonstrated strong growth (drones, mobility solutions, small domestic appliances). The remaining pressure on compliance demanded sustained investment in compliance capabilities and put pressure on new sales channel development, favoring a focus on strengthening partnerships with the existing customer base. During the year, there was an ongoing review and consolidation of past growth initiatives that showed underperformance relative to management's expectations, in order to free up resources and ensure clear focus and stronger profitability going forward.

In light of these market conditions, most of ELKO's geographies performed according to business targets set for the period.

Management report (continued)

From a market perspective, our Nordic and CEE regions performed best, driven by a focused strategy on small domestic appliances and consumer electronics. While customer sentiment remained subdued, adding new vendors and focusing on superior service in launching new brands & product lines allowed us to reach good results. Several vendors, for whom 2025 was the first full year, achieved ambitious growth targets, allowing them to achieve even triple-digit growth.

In 1st quarter of 2025, acquisition of Renewed AB, an innovative circular economy player in the Nordics, was conducted. After the necessary integration process, we expect this entity to enable ELKO Group to deliver an expanded product offering to our channel partners in their home territories and beyond.

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 indirect interests 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.

Financial risk management

Multi-currency risk

The Group 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.

Purchases of goods from vendors and sales from the Parent Company to subsidiaries are carried out in both U.S. dollars and euros. At the same time, a significant portion of the Group's financing, pricing and margin structure is influenced by the U.S. dollar.

Sales to external customers are performed by subsidiaries mainly in their respective local currencies, as well as in U.S. dollars and euros, depending on the market and contractual arrangements.

Although subsidiaries carry out sales in local currencies, market pricing is generally influenced by the purchasing currency, predominantly the U.S. dollar. As a result, trade receivables and trade payables have a relatively balanced currency structure, which partially mitigates the Group's foreign exchange risk.

The Group 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 EUR.

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

As the Group's functional currency is US dollars, to minimise currency risk, financing is attracted in US dollars and EUR. The Group monitors the open foreign currency positions and, if necessary, acquires adequate financing instruments to minimise the risk.

Management report (continued)**Interest rate risk**

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

Credit risk

Credit risks arise from credit exposure to outstanding trade receivables. The Group 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 utilization of credit limits is regularly monitored.

Inventories

The Group 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 involves maintaining sufficient cash and access to funding from a sufficient number of committed credit facilities. In the future, the Group's management plans to increase the liquidity reserve based on the expected cash flows by improving working capital management.

Proposed profit distribution

The Board of the Group suggests to transfer the profit of 2025 to Retained Earnings to support future investments and maintain financial stability.

Prospects and Events after the reporting period

The Group's performance is and will be influenced by macroeconomic, competition and political situation and developments of markets where the Group has cooperation partners.

The key factors driving the Group's growth are the increase in demand in the markets where the Group operates, as well as the Group's continuous efforts in developing its product portfolio and maintaining efficient and cost-effective distribution channels.

The key factors driving the company's growth in the future are a strong vendor pipeline and initiatives to expand cooperation with current top vendors. Given the occasional divergence between vendor expectations and consumer sentiment, cautious management of working capital remains among the top priorities for the management team of ELKO.

The Group continuously improves its cost control and working capital management procedures ensuring higher returns on equity.

The Group believes that the above-mentioned factors will help sustain continuous growth in the coming years, ensuring positive results from our operations.

Management report (continued)

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.

Conflict in the Asian region may affect energy and logistics costs, as well as disrupt supply chains and impact demand for IT products in Eastern Europe, given rising prices, currency fluctuations and geopolitical uncertainty.

The management of the Group closely monitors developments and assesses their potential impact to ensure timely adjustments to working capital management and to mitigate potential risks related to supply chains and changes in demand in target markets.

Otherwise, there have been no subsequent events after the last date of the reporting period that would have a significant effect on the Group's financial position as of 31 December 2025.

Svens Dinsdorfs, Member of Board,
on behalf of Egons Mednis
Chairman of the Board,
President
Riga, 17 April, 2026

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 financial statements give true and fair view in all material aspects of the financial position of the Group as of December 31, 2025 and of its financial operations for the year ended 31 December, 2025. The consolidated financial statements are prepared in accordance with International Financial Reporting Accounting 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 Group and would ensure the possibility for the management to prepare the financial statements accordance with International Financial Reporting Accounting Standards as adopted by the European Union.

Svens Dinsdorfs, Member of Board,
on behalf of Egons Mednis
Chairman of the Board,
President
Riga, 17 April, 2026

Consolidated financial statements

Consolidated statements of comprehensive income

	Note	2025 USD'000	2024 USD'000	2025 EUR'000	2024 EUR'000
Sale of goods	6	1,258,989	1,142,795	1,114,130	1,056,068
Cost of sales	7	(1,160,776)	(1,054,082)	(1,027,218)	(974,087)
Gross profit		98,213	88,713	86,912	81,981
Other operating income	8.1	9,732	4,632	8,612	4,281
Selling and distribution costs	7	(9,279)	(6,763)	(8,211)	(6,250)
Administrative expenses	7	(68,495)	(58,855)	(60,614)	(54,389)
Other operating expenses	8.2	(2,615)	(1,711)	(2,314)	(1,581)
Operating profit		27,556	26,016	24,385	24,042
Finance income		729	1,062	646	981
Finance expenses		(11,457)	(9,293)	(10,139)	(8,588)
Finance income/ (expenses) – net	9	(10,728)	(8,231)	(9,493)	(7,607)
Profit before tax from continuing operations		16,828	17,785	14,892	16,435
Income tax expense	11	(2,524)	(3,662)	(2,234)	(3,384)
Profit (loss) for the year from continuing operations		14,304	14,123	12,658	13,051
Attributable to:					
Equity holders of the Parent Company		12,983	11,892	11,489	10,989
Non-controlling interests		1,321	2,231	1,169	2,062
		14,304	14,123	12,658	13,051
Earnings per share (basic and diluted) for profit attributable to the equity holders of the Parent Company	12	1.31	1.20	1.16	1.11
Other comprehensive income to be reclassified to profit or loss in subsequent periods					
Exchange differences on translation of foreign operations		9,898	(8,675)	(6,309)	(307)
Total comprehensive incomes for the year		24,202	5,448	6,349	12,744
Attributable to:					
Equity holders of the Parent Company		19,934	5,430	4,664	11,621
Non-controlling interests		4,268	18	1,685	1,123
		24,202	5,448	6,349	12,744

The notes on pages 14 to 66 are an integral part of these consolidated financial statements.

Svens Dinsdorfs, Member of Board,
on behalf of Egons Mednis
Chairman of the Board,
President
17 April, 2026

Olga Ivanova
Chief accountant

Consolidated statements of financial position

	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					
Intangible assets	14.1	1,081	1,285	920	1,237
Property, plant and equipment	15.1	9,288	6,460	7,904	6,218
Right-of-use assets	15.2	24,483	15,642	20,837	15,056
Goodwill	14.1&21	4,097	1,947	3,487	1,874
Investments in associates	14.2	5,411	3,862	4,605	3,718
Non-current loans	16.1	460	536	392	516
		44,820	29,732	38,145	28,619
Current assets					
Inventories	17	169,656	128,982	144,388	124,153
Current income tax receivable		1,086	364	924	350
Short term loans	16.1	1,841	1,314	1,567	1,265
Other current financial investments	16.2	3,588	3,156	3,054	3,038
Trade and other receivables and prepayments	18	201,555	169,864	171,536	163,504
Derivative financial instruments	25	49	221	42	213
Cash and cash equivalents	19	29,003	26,332	24,683	25,346
		406,778	330,233	346,194	317,869
Total assets		451,598	359,965	384,339	346,488
EQUITY					
Issued capital	20	11,251	11,251	9,901	9,901
Share premium	20	5,996	5,996	4,974	4,974
Translation reserve	20	(9,812)	(16,763)	785	7,610
Retained earnings		115,910	112,336	89,314	86,111
Equity attributable to equity holders of the Parent Company		123,345	112,820	104,974	108,596
Non-controlling interests in equity		25,202	16,960	21,449	16,325
Total equity		148,547	129,780	126,423	124,921
LIABILITIES					
Non-current liabilities					
Interest-bearing loans and borrowings	22	23,516	20,790	20,014	20,011
Interest-bearing loans from related parties	22	-	2,507	-	2,413
Lease liabilities	15.2&22	20,605	11,487	17,536	11,057
		44,121	34,784	37,550	33,481
Current liabilities					
Trade and other payables	23	138,746	103,587	118,081	99,709
Contract liabilities	23	8,117	7,254	6,908	6,983
Interest-bearing loans and borrowings	22	101,360	75,080	86,264	72,270
Interest-bearing loans from related parties	22	3,518	-	2,994	-
Lease liabilities	22	5,329	4,108	4,535	3,954
Income tax payable		1,687	982	1,436	945
Provisions		68	4,390	58	4,225
Derivative financial instruments	25	105	-	90	-
		258,930	195,401	220,366	188,086
Total liabilities		303,051	230,185	257,916	221,567
Total equity and liabilities		451,598	359,965	384,339	346,488

The notes on pages 14 to 66 are an integral part of these consolidated financial statements.

Svens Dinsdorfs, Member of Board,
on behalf of Egons Mednis
Chairman of the Board,
President
17 April, 2026

Olga Ivanova
Chief accountant

Consolidated statement of changes in equity

Attributable to equity holders of the Parent Company

	Issued capital	Share premium	Retained earnings	Translation reserve	Total	Non-controlling interests	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
Other comprehensive income	-	-	-	(6,462)	(6,462)	(2,213)	(8,675)
Profit for the year	-	-	11,892	-	11,892	2,231	14,123
Total comprehensive income for 2024	-	-	11,892	(6,462)	5,430	18	5,448
Dividend (note 13)	-	-	(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	-	-	-	6,951	6,951	2,947	9,898
Profit for the year	-	-	12,983	-	12,983	1,321	14,304
Total comprehensive income for 2025	-	-	12,983	6,951	19,934	4,268	24,202
Dividend (note 13)	-	-	(9,409)	-	(9,409)	(509)	(9,918)
Acquisition of a subsidiary subsidiary (note 14.2)	-	-	-	-	-	425	425
Disposal of subsidiary (note 14.2)	-	-	-	-	-	4,058	4,058
Balance at 31 December 2025	11,251	5,996	115,910	(9,812)	123,345	25,202	148,547

Consolidated statement of changes in equity (continued)

Attributable to equity holders of the Parent Company

	Issued 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
Balance at 1 January 2024	9,901	4,974	84,543	6,978	106,396	18,713	125,109
Other comprehensive income	-	-	-	632	632	(939)	(307)
Profit for the year	-	-	10,989	-	10,989	2,062	13,051
Total comprehensive income for 2024	-	-	10,989	632	11,621	1,123	12,744
Dividend (note 13)	-	-	(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	-	-	-	(6,825)	(6,825)	516	(6,309)
Profit for the year	-	-	11,489	-	11,489	1,169	12,658
Total comprehensive income for 2025	-	-	11,489	(6,825)	4,664	1,685	6,349
Dividend (note 13)	-	-	(8,286)	-	(8,286)	(490)	(8,776)
Acquisition of a subsidiary subsidiary (note 14.2)	-	-	-	-	-	362	362
Disposal of subsidiary (note 14.2)	-	-	-	-	-	3,567	3,567
Balance at 31 December 2025	9,901	4,974	89,314	785	104,974	21,449	126,423

Retained earnings are USD 115,910 thousand or EUR 89,314 thousand (31.12.2024: USD 112,336 thousand or EUR 86,111 thousand), of which USD 77 thousand or EUR 63 thousand (31.12.2024: USD 77 thousand or EUR 63 thousand) are statutory reserves and are not available for dividend distribution.

The notes on pages 14 to 66 are an integral part of these consolidated financial statements.

Svens Dinsdorfs, Member of Board, on behalf of Egons Mednis
Chairman of the Board, President

Olga Ivanova
Chief accountant

17 April, 2026

Consolidated statement of cash flows

	Note	2025 USD'000	2024 USD'000	2025 EUR'000	2024 EUR'000
Operating activities					
Profit before tax from continuing operations		16,828	17,785	14,892	16,435
Non-cash adjustments to reconcile profit before tax to net cash flows					
Depreciation of property, plant and equipment	15.1	2,776	2,284	2,579	2,254
Amortisation of intangible assets	14.1	450	573	383	552
Finance income	9	(729)	(1,062)	(646)	(981)
Finance costs	9	11,457	9,293	10,139	8,588
Fair value (gain)/loss		(67)	85	(81)	90
Movements in provisions and allowances		(4,208)	133	(4,066)	368
Share of net profit of associate and a joint venture		(1,018)	(399)	(888)	(369)
Loss (gain) on disposal of subsidiary		259	(1)	229	(1)
Gain on disposal of property, plant and equipment		(60)	-	(53)	-
Working capital adjustments:					
(Increase)/Decrease in trade and other receivables		(32,679)	(1,201)	(8,944)	(10,863)
Decrease/(Increase) in inventories		(41,542)	(747)	(21,043)	(8,104)
(Decrease)/ Increase in trade and other payables		57,214	(8,275)	23,926	5,475
Interest received		729	1,062	646	981
Interest paid	9	(11,457)	(9,293)	(10,139)	(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)/ from operating activities		(6,020)	6,096	3,262	2,017
Investing activities					
Proceeds from sale of property, plant and equipment		60	(307)	53	(284)
Purchases of property, plant and equipment	15.1	(5,217)	(1,736)	(4,440)	(1,671)
Purchases of intangible assets	14.1	(2,456)	(146)	(2,091)	(140)
Net cash outflow on disposal of subsidiary	14.2	(235)	-	(200)	-
Acquisition of a subsidiary	14.2	(2,236)	(38)	(2,100)	(34)
Net cash flows (used in)/from investing activities		(10,084)	(2,227)	(8,778)	(2,129)
Financing activities					
Bonds received		10,057	-	8,559	-
Proceeds from/repayment of bank overdrafts, net		17,505	9,977	3,979	14,448
Payment of principal portion of lease liabilities	15.2	(5,294)	(5,272)	(4,636)	(4,893)
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		18,775	(3,610)	4,853	1,863
Net increase in cash and cash equivalents		2,671	259	(663)	1,751
Cash and cash equivalents at beginning of the year		26,332	26,073	25,346	23,595
Cash and cash equivalents at end of the year		29,003	26,332	24,683	25,346

The notes on pages 14 to 66 are an integral part of these consolidated financial statements.

Svens Dinsdorfs, Member of Board,
on behalf of Egons Mednis
Chairman of the Board,
President

Olga Ivanova
Chief accountant

17 April, 2026

Notes to the consolidated financial statements

1 General information

Akciju Sabiedrība ELKO Grupa and its subsidiaries (hereinafter – the Group or ELKO), is one of the region's largest distributors and wholesalers of IT and consumer electronics products and solutions with 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.

Akciju Sabiedrība ELKO Grupa is a joint stock company incorporated and domiciled in Latvia with company's registered office at Toma str, 4, Riga, LV-1003, Latvia. These consolidated financial statements have been prepared and approved for issue by the Management on 17 April 2026 and signed by the Member of the Board and CEO Svens Dinsdorfs on behalf of Chairman of the Board and President Egons Mednis.

The financial statements are subject to the approval of the shareholders in general meeting.

Details of the Group's subsidiaries are as follows:

Name	Country	Participating interest in share capital of subsidiaries	
		31.12.2025	31.12.2024
ELKO Eesti OU	Estonia	100%	100%
ELKO Lietuva UAB	Lithuania	100%	100%
ELKO Trading Switzerland AG	Switzerland	100%	100%
ELKOTech Romania SRL	Romania	100%	100%
Gandalf Distribution AB	Sweden	100%	100%
ELKO Polska Sp. z o.o.	Poland	100%	100%
WESTech spol. s.r.o.	Slovakia	51%	51%
ELKO Mobile Limited ¹	Cyprus	-	51%
WESTech CZ s.r.o.	Czech Republic	50.49%	50.49%
ARAŠID spol. s r.o. ²	Slovakia	-	51%
SWISS spol s.r.o. ³	Slovakia	26%	26%
ELKO Trading Kazakhstan LLP ⁴	Kazakhstan	-	100%
ELKO Nordics Shared Services AB	Sweden	100%	100%
EDN Webshop AB ⁵	Sweden	100%	100%
Renewed AB ⁶	Sweden	78.95%	-

¹ In April 2025 ELKO Mobile Limited was liquidated.

² In November 2025 ARAŠID spol. s r.o. was merged with WESTech spol.s.r.o. as a result of the company reorganization.

³ Parent has control over SWISS spol. s r.o. through controlling interest owned by its subsidiary – WESTech spol.s.r.o.

⁴ In December 2025 ELKO Trading Kazakhstan LLP was sold to third parties.

⁵ In April 2024 Akciju Sabiedrība ELKO Grupa acquired 100% of shareholding in EDN Webshop AB.

⁶ In March 2025 Gandalf Distribution AB acquired 78.95% of shareholding in Renewed AB.

1 General information (continued)

Investments in associates and other entities:

Name	Country	Participating interest in share capital of associates	
		31.12.2025	31.12.2024
ELKOTEX d.o.o.	Slovenia	49%	49%
Logicworks s.r.o.	Czech Republic	100%	72.25%
Westech HU Kft. (previous name: Game Distribution Kft.) ¹	Hungary	100%	100%
Internet Patro.cz s.r.o. ²	Czech Republic	5.1%	5.1%
WESTech solutions s.r.o.	Czech Republic	25%	25%
SWISS CZ s.r.o.	Czech Republic	26%	26%

¹ Parent has control over Westech HU Kft. (previous name Game Distribution Kft.) through controlling interest owned by its subsidiary – WESTech spol.s.r.o. from January 2022.

² In September 2024 WESTech spol.s.r.o. acquired 10% of shareholding in Internet Patro cz s.r.o.

Based on the above assessment, the Group has concluded that it controls ELKO Nordics Shared Services AB, EDN Webshop AB and Renewed AB. ELKO Nordics Shared Services AB and EDN Webshop AB are held directly by the Parent Company, while the interest in Renewed AB is held indirectly through the Group's subsidiary, Gandalf Distribution AB, which owns 78.95% of the entity.

In addition Group holds indirect interests in Swiss spol s.r.o., SWISS CZ s.r.o., WESTech solutions s.r.o. and Internet Patro.cz s.r.o. through its subsidiary WESTech s.r.o., which owns 26%, 26%, 25% and 10% in the respective entities.

The Group also holds a 49% interest in ELKOTEX d.o.o., classified as a minority investment.

Logicworks s.r.o. and Westech HU Kft. (formerly Game Distribution Kft.) are not consolidated as they are considered immaterial to the Group.

2 Material Accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Accounting Standards (IFRS) as endorsed by the EU.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. The consolidated financial statements are presented in EUR and USD and all values are rounded to the nearest thousand (€/USD'000), except when otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2025.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent company, using consistent accounting policies.

All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and

2.1 Basis of preparation (continued)

Business combinations and goodwill (continued)

within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, the Group recognizes bargaining purchase amount in profit and loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Consideration transferred, then the gain is recognised in profit or loss.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.2 Foreign currency translation

The Group's functional currency is U.S. dollars. ELKO has decided, in addition to functional currency, also to present the financial statements in presentation currency euro (EUR) as required for filing purposes according to Latvian legislation.

In determination of functional currency the Group has considered the following factors:

- (a) the currency:
 - (i) that mainly influences sales prices for goods and services (this will often be the currency in which sales prices for its goods and services are denominated and settled); and
 - (ii) of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services.
- (b) the currency that mainly influences labour, material and other costs of providing goods or services (this will often be the currency in which such costs are denominated and settled).
- (c) the currency in which funds from financing activities (ie issuing debt and equity instruments) are generated.
- (d) the currency in which receipts from operating activities are usually retained.

The following additional factors were considered in determining the functional currency of a foreign operation, and whether its functional currency is the same as that of the Parent:

- (a) whether the activities of the foreign operation are carried out as an extension of the Parent, rather than being carried out with a significant degree of autonomy.
- (b) whether transactions with the Parent are a high or a low proportion of the foreign operation's activities.
- (c) whether cash flows from the activities of the foreign operation directly affect the cash flows of the Parent and are readily available for remittance to it.
- (d) whether cash flows from the activities of the foreign operation are sufficient to service existing and normally expected debt obligations without funds being made available by the Parent.

Transactions and balances

As the presentation currency differs from the Group's functional currency, it translates its results and financial position into the presentation currency. Based on IAS 21 The Effects of Changes in Foreign Exchange Rates, the

2.2 Foreign currency translation (continued)

results and financial position of an entity shall be translated into a different presentation currency using the following procedures:

- (a) assets and liabilities for each statement of financial position presented (ie including comparatives) shall be translated at the closing rate at the date of that statement of financial position;
- (b) income and expenses for each statement presenting profit or loss and other comprehensive income (ie including comparatives) shall be translated at exchange rates at the dates of the transactions; and
- (c) all resulting exchange differences shall be recognized in other comprehensive income.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Group's functional currency U.S. dollars at the European Central Bank rate of exchange prevailing at the reporting date and their statements of comprehensive income are translated at the average exchange rates for the year. The exchange differences arising on the translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised as gain or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

2.3 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duties. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

Revenue from contracts with customers

The Group is in the business of providing IT products and solutions. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in all of its revenue arrangements.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3. Revenues from contracts with customers are disclosed in Note 6.

Sale of goods

Revenue from the sale of goods is recognised when the control of the goods have passed to the buyer, usually on delivery of the goods to end customer. The goods on which the control has not been passed to client are recognized as consignment stock and revenue is recognized only when the respective goods are sold to the end customers.

Sale of IT products

Revenue from sale of IT products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products. The normal credit term is 30 to 90 days upon delivery.

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

Rendering of services

The Group generates income from providing marketing and transport agency services that are sold separately from IT products. These services can also be obtained from other providers and do not significantly customise or modify IT products. These services are provided based on agreed time and material costs incurred or as a

2.3 Revenue recognition (continued)

fixed-price contract. Revenue from fixed-price contracts for delivering transportation services is recognised over time using input method to measure the progress towards complete satisfaction of the service.

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of IT products provide customers with a right of return (only in case of, price protection and volume rebates). However, those right as only granted if and only in the amount of received rights from supplier. Therefore, the rights of return and volume rebates do not give rise to variable consideration.

(ii) Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Warranty obligations

The Group typically provides warranties for general repairs of defects that existed at the time of sale, mostly only in amount and for the term provided by vendor.

In the case, when warranty is provided outside the warranty provided by supplier, these assurance-type warranties are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Refer to the accounting policy on warranty provisions in section w) Provisions.

Contract balances

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 2.5. Trade receivables consist of trade receivables, accrued income, and debt on factoring as disclosed in Note 18.

The Group splits trade receivable balances in two portfolios based on a business model.

- Trade receivables from contracts with customers within a business model with the objective to hold financial assets in order to collect contractual cash flows are accounted at amortized cost and reviewed for impairment as disclosed in Note 2.5.

- Trade receivables from contracts with customers held with the only objective of selling the financial assets are accounted for at FVTPL (factoring with non-recourse).

Proceeds received in accordance with factoring agreements are recognized as prepayments from customers when the Group remain exposed to credit risk associated with the respective debtor. When credit risk remains with the contracting party or the factor, the proceeds are netted against the respective debtor balance in full.

Contract liabilities

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

Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of comprehensive income.

2.3 Revenue recognition (continued)

Dividends

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividends.

Other income

Income from penalties charged to clients is recognized at the moment of receipt. Penalties represent mostly charges to customers for late payments.

2.4 Taxes

Income taxes

Based on Corporate Income Tax Law of the Republic of Latvia legal entities are not required to pay income tax on earned profits. Corporate income tax is paid on distributed profits and deemed profit distributions at the tax rate of 20 per cent of their gross amount, or 20/80 of net expense. Corporate income tax on dividends is recognized in the consolidated statement of profit or loss as expense in the reporting period when respective dividends are declared, while, as regards other deemed profit items, at the time when expense is incurred in the reporting year.

For other companies within the Group current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income.

No provision is recognized for income tax payable on a dividend distribution before dividends are declared but information on the contingent liability is disclosed in the notes to the consolidated financial statements.

Deferred tax assets and liabilities

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Corporate income tax on profits and deferred income tax expense or benefit of subsidiaries located in countries mentioned below, as well as corporate income tax on dividends and deferred income tax expense on dividends of Latvian entities are reported in the consolidated statement of profit or loss.

The corporate income tax rates in the major jurisdictions where the Group Companies are operating are:

- Latvia – 25%
- Slovakia – 24%
- Romania – 16%
- Switzerland – 14%
- Slovenia – 19%
- Sweden – 20.6%
- Czech Republic – 21%

2.4 Taxes (continued)

Deferred tax assets and liabilities (continued)

The consolidated financial statements include the current and deferred income tax of Slovakia, Czech Republic and Sweden subsidiaries. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend is recognized.

Tax loss carry forward periods

Latvia – 5 years

Slovakia – 4 years

Romania – 7 years

Switzerland – 7 years

Sweden – indefinite

Poland – 5 years, but the deduction is restricted to 50% of the loss incurred.

Czech Republic - 5 years

Indirect taxes (Sales tax)

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.5 Financial instruments – initial recognition and subsequent measurement

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section 2.3 Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Group does not hold financial assets at fair value through OCI, therefore further this category is not described.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- And the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables.

2.5 Financial instruments – initial recognition and subsequent measurement (continued)

Financial assets (continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- Or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 3
- Trade receivables, including contract assets Note 18

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Based on the historical experience the Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.5 Financial instruments – initial recognition and subsequent measurement (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated derivative financial instruments as financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 22.

Factoring

A factoring transaction is a funding transaction where the Group transfers to the factor claim rights from a debtor for a determined reward. The Group alienates the rights to receivables due at a future date according to invoices. The Group's factoring transactions comprise factoring transactions with recourse (the factor is entitled to selling the overdue claim back to the Group). The factoring expenses comprise the lump-sum contract fee charged on the conclusion of the contract, commission fees charged for processing the invoices, and interest expenses depending on the duration of the payment term set by the debtor. Factored accounts receivable with recourse are recorded under current borrowings and trade receivables captions in the financial statements. The Group derecognises the borrowings and the trade receivables at the moment when the debtor settles the liability with the factor. The factoring transactions with non-recourse are derecognized in the moment of trade receivables' sale to the factor.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.5 Financial instruments – initial recognition and subsequent measurement (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, interest rate and currency swaps, to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Fair value of financial instruments

The Group measures financial instruments such as derivatives at fair value at each balance sheet date. Fair-value related disclosures for financial instruments are summarised in the Note 26.

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

- In the principal market for the asset or liability

Or

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2.6 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognised in the statement of profit or loss as incurred.

2.6 Property, plant and equipment (continued)

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

Property	20 years
Communication and computer engineering	2 years
Other	4-5 years
Leasehold improvements	3-5 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

2.7 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Buildings 2 to 14 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 2.11(s) Impairment of non-financial assets.

Lease liabilities

The Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Interest-bearing loans and borrowings (see Note 22).

2.7 Leases (continued)

Short-term leases and leases of low-value assets

The Group applies the short-term and low value lease recognition exemption to its short-term and low value leases of vehicles and some premises (i.e., those leases that have a lease term of 12 months or less from the 1 January 2025 date and do not contain a purchase option). Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. In 2024 and 2025 the Group had no acquisition, construction or production of assets qualifying for capitalization of borrowing costs attributed.

2.9 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed at 5 years.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the the statement of profit or loss when the asset is derecognised.

2.10 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of goods comprises acquisition costs, additional expenses related to transportation, import duties, duties for environmental protection and insurance as well as any discounts and allowances granted by vendors. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Estimated selling price is based upon an aging analysis of the inventory on hand, technological obsolescence, the nature of vendor relations and assumptions about future demand. The inventories are recognized at the moment when the invoice by the vendor is issued and the liability to the vendor is recognized.

2.11 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognised in the statement of profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in statement of profit or loss.

Goodwill is tested for impairment annually as at 31 December or when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

2.12 Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

2.13 Share capital and dividend distribution

Ordinary shares are classified as equity. The Parent Company has issued ordinary shares and personell non voting shares. All issued shares are fully paid. There are no share options in any of the years presented.

Dividend distribution to the Parent Company's shareholders is recognised as a liability in the Group's financial statements in the period, in which the dividends are approved by the Parent's shareholders.

2.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of the provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where

2.14 Provisions (continued)

appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.15 Warranties

The Group's vendors generally warrant the products distributed by the Group and allow returning defective products, including those that have been returned to the Group by its customers. Based on the past experience and the contractual agreements with vendors, the Group assesses that the receipt of the reimbursement from vendors is virtually certain.

2.16 Vendor programs

The Group receives funds from vendors in a form of credit notes for price protection, product rebates, marketing and other product promotions. The credit notes for price protection are booked as decrease of the cost value of the inventory. The credit notes for rebates are recognized directly in the statement of comprehensive income as decrease of cost of sales. The credit notes for marketing and other product promotion are recognized as other revenue. Some of these programs may extend over one or more reporting periods. Rebates or other vendor incentives are recognized as earned based on sales of respective products or as services are provided in accordance with the terms of the related program.

2.17 Going concern

ELKO Grupa consolidated turnover during the 12 months of 2025 was by 10% bigger than during the same period in 2024. In the reporting year the main focus of the Group was the development of CEE region.

To ensure the ability to operate on going concern basis, the Group's management has identified the following main areas to be monitored – FX risk, maintenance of financing facilities, sanctions and trade control compliance and geopolitical risk related to war activities in Ukraine.

Since the Group currently is already hedging its position and the costs of hedge are passed to customers the Group does not expect to have any significant impact on its operation and net results due to sudden changes in currency rates.

Following stable performance of ELKO in 2025, there is no expectations that financial institutions, providing financing for the Group will decrease currently available financing limits, which similar as in previous years, are subject for prolongation in July 2026.

These consolidated financial statements for the year ended 31 December 2025 are prepared on going concern basis, consistently applying International Financial Reporting Accounting Standards as adopted by the European Union.

3 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Group's accounting policies, management has made the following judgments and estimates, which have the most significant effect on the amounts recognised in the consolidated financial statements:

3.1 Currency

Management has assessed that the Group's functional currency is U.S. dollars, as financing activities are primarily denominated in U.S. dollars and represent a key factor influencing the Group's liquidity, capital management and funding structure.

While purchases of goods from vendors and sales from the Parent Company to its subsidiaries are carried out in both U.S. dollars and euros, U.S. dollars remain the primary currency influencing the Group's pricing policies, margin structure and internal performance evaluation.

In addition, the Group primarily manages its cash flows and treasury activities in U.S. dollars. Sales to external customers are performed by subsidiaries mainly in their respective local currencies, as well as in U.S. dollars and euros, depending on the market and contractual arrangements.

3.2 Control of subsidiaries

The Group consolidate all entities, over which it has a control. The Group has a control, when:

- it has existing rights that give it the ability to direct the relevant activities (the activities that significantly affect the investee's returns);
- has an exposure, or rights, to variable returns from its involvement with the investee;
- has an ability to use its power over the investee to affect the amount of returns.

In addition Group holds indirect interests in Swiss spol s.r.o., SWISS CZ s.r.o., WESTech solutions s.r.o. and Internet Patro.cz s.r.o. through its subsidiary WESTech s.r.o., which owns 26%, 26%, 25% and 10% in the respective entities.

Based on the above assessment, the Group has concluded that it controls ELKO Nordics Shared Services AB, EDN Webshop AB and Renewed AB. These interests are held indirectly through the Group's subsidiary, Gandalf Distribution AB, which owns 100%, 100% and 78.95% in the respective entities.

As well, the Group is the minority shareholder of the ELKOTEX d.o.o. – 49%.

Logicworks s.r.o. and Westech HU Kft. (formerly Game Distribution Kft.) are not consolidated as they are considered immaterial to the Group.

For the list of entities included into the consolidated Group see Note 1.

3.3 Vendor programs

The Group has to estimate the amount of credit notes due from vendors at the date of the statement of financial position based on the available information and past experience. In several vendor programs the size of the rebate is dependent on the performance of other distributors and is known exclusively by the vendor.

An estimate of a receivable from vendors in relation to the vendors programs as of 31 December 2025 amounted to USD 17,253 thousand or EUR 14,684 thousand (31.12.2024: USD 7,467 thousand or EUR 7,187 thousand)

3.3 Vendor programs (continued)

based on the individual vendor agreements. Vendor programs are recognized as decrease in trade payables (Note 23).

3.4 Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies (Note 11).

3.5 Impairment of inventories

The Group is subject to the risk that the value of its inventory will decline as a result of price reductions by vendors or technological obsolescence. It is the policy of most of the Group's vendors to protect distributors from the loss in value of inventory due to technological change or the vendors' price reductions. As at 31 December 2025 impairment on inventory in amount of USD 11,273 or EUR 9,594 was recognized (see Note 17).

3.6 Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating, whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for leases of premises with shorter non-cancellable period. The Group typically exercises its option to renew for office and warehouse premises. However, for stores this option is not always executed, as it depends on store profitability and possibility to change for better location. Each rent agreement has been evaluated individually by the Group in this regard.

3.7 Sub-lease classification

The Group has concluded several sub-lease agreements of its premises. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

3.8 Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries

3.8 Leases - Estimating the incremental borrowing rate (continued)

that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease.

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

3.9 Warranty provisions

The Group does not independently warrant the products it distributes. Historically the Group has not incurred any significant service warranty costs. The costs are incurred along the process of handling the returned goods. A provision for these assurance-type warranties estimated costs is recorded at the time of sale and periodically adjusted to reflect actual experience.

3.10 Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determining the timing of satisfaction of transportation and marketing services

The Group concluded that revenue for transportation and marketing services is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group. The fact that another entity would not need to re-perform the services that the Group has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Group's performance as it performs. The Group determined that the input method is the best method in measuring progress of the transportation and marketing services because there is a direct relationship between the Group's effort (i.e., labour hours incurred) and the transfer of service to the customer. The Group recognises revenue on the basis of the labour hours and 3rd party expense expended relative to the total expected labour hours and 3rd party expense to complete the service.

Principal versus agent considerations

Based on the existence of credit risk and the nature of the consideration in the contract, the Group has an exposure to the significant risks and rewards associated with the sale of IT products to its customers and accounts for the contracts as if it is a principal.

3.11 Allowance for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in IT retail sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The debtor balances 180 and more days overdue are considered to be default. Default rates for Companies with debtor insurance policy is calculated taking into consideration insurance limits and own risk. For Companies with no debtor insurance policy default rate is 100%.

3.12 Related party transaction compliance

The Group has a significant number of intra-group transactions. Group's entities are operating in the IT distribution/wholesale industry and operate as distributors, wholesalers and limited risk wholesalers. Being present in various jurisdictions, Group's entities must comply with respective country's tax legislation and rulings. In order to meet the requirements of different jurisdictions, pricing models are evaluated on a regular basis for compliance.

3.13 Goodwill impairment

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 14.1, 14.2 and note 21 for the newly acquired Companies.

3.14 Bonds

In February 2021, Akciju Sabiedrība ELKO Grupa issued EUR 20 million five-year unsecured bonds with a fixed coupon rate of 6% per annum, maturing on 11 February 2026. The bonds were listed on Nasdaq First North in the second quarter of 2021.

The bond issue was arranged by Signet banka AS and SIA Callidus Capital.

On 23 December 2025, Akciju Sabiedrība ELKO Grupa carried out a partial restructuring of its bonds by exchanging previously issued bonds for new bonds with a total nominal value of EUR 11.423 million. At the same time, Akciju Sabiedrība ELKO Grupa issued additional bonds with a nominal value of EUR 8.577 million. Both issuances bear a fixed coupon rate of 7.25% per annum and mature on 20 December 2029.

Debt securities issued are initially recognised at fair value, net of directly attributable transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method. At the end of the reporting period, the bonds are stated at amortised cost, while their fair value is disclosed in Note 26.

Transaction costs related to the bond issuance are amortised over the term of the bonds.

3.15 Investments in associate

In January 2022, Akciju Sabiedrība ELKO Grupa sold 2% of its investment in ELKOTEX d.o.o. and became a minority shareholder of the company with owned 49%.

Investment in associate is presented in financial statements by fair value at the acquisition date.

Akciju Sabiedrība ELKO Grupa has presented its share of profit of an associate using the equity method under IAS 28 Investments in Associates.

4 Changes in accounting standards

4.1 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the following IFRS Accounting Standard which has been adopted by the Group as of 1 January 2025:

- **IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments)**

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

Management has assessed that the amendments did not have a material impact on the Group's financial statements.

Standards issued but not yet effective and not early adopted

- **IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Classification and Measurement of Financial Instruments (Amendments)**

The amendments are effective for annual reporting periods beginning on or after January 1, 2026. Early adoption of amendments related to the classification of financial assets and the related disclosures is permitted, with the option to apply the other amendments at a later date. The amendments clarify that a financial liability is derecognised on the 'settlement date', when the obligation is discharged, cancelled, expired, or otherwise qualifies for derecognition. They introduce an accounting policy option to derecognise liabilities settled via electronic payment systems before the settlement date, subject to specific conditions. They also provide guidance on assessing the contractual cash flow characteristics of financial assets with environmental, social, and governance (ESG)-linked features or other similar contingent features. Additionally, they clarify the treatment of non-recourse assets and contractually linked instruments and require additional disclosures under IFRS 7 for financial assets and liabilities with contingent event references (including ESG-linked) and equity instruments classified at fair value through other comprehensive income. In the following reporting periods, Management will analyse the requirements of this newly issued standard and assess its impact.

- **IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Contracts Referencing Nature-dependent Electricity (Amendments)**

The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted. The amendments include clarifying the application of the 'own-use' requirements, permitting hedge accounting if contracts in scope of the amendments are used as hedging instruments, and introduce new disclosure requirements to enable investors to understand the impact of these contracts on a company's financial performance and cash flows. The clarifications regarding the 'own-use' requirements must be applied retrospectively, but the guidance permitting hedge accounting have to be applied prospectively to new hedging relationships designated on or after the date of initial application. In the following reporting periods, Management will analyse the requirements of this newly issued standard and assess its impact.

- **Annual Improvements to IFRS Accounting Standards – Volume 11**

The IASB's annual improvements process deals with non-urgent, but necessary, clarifications and amendments to IFRS. In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards — Volume 11. An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. The Annual Improvements to IFRS Accounting Standards - Volume 11, includes amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10, and IAS 7. These amendments aim to clarify wording, correct minor unintended consequences, oversights, or conflicts between requirements in the standards. In the following reporting periods, Management will analyse the requirements of this newly issued standard and assess its impact.

4.1 Changes in accounting policies and disclosures (continued)

- **IFRS 18 Presentation and Disclosure in Financial Statements**

IFRS 18 introduces new requirements on presentation within the statement of profit or loss. It requires an entity to classify all income and expenses within its statement of profit or loss into one of the five categories: operating; investing; financing; income taxes; and discontinued operations. These categories are complemented by the requirements to present subtotals and totals for 'operating profit or loss', 'profit or loss before financing and income taxes' and 'profit or loss'. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, there are consequential amendments to other accounting standards. IFRS 18 is effective for reporting periods beginning on or after January 1, 2027, with earlier application permitted. Retrospective application is required in both annual and interim financial statements. Management is currently assessing the impact on the financial statements of the Group.

The standards/amendments that are not yet effective and have not yet been endorsed by the European Union

- **IFRS 19 Subsidiaries without Public Accountability: Disclosures (including amendments)**

IFRS 19 permits subsidiaries without public accountability to use reduced disclosure requirements if their parent company (either ultimate or intermediate) prepares publicly available consolidated financial statements in compliance with IFRS accounting standards. These subsidiaries must still apply the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards. The amendments issued in August 2025 reduce the disclosure requirements of new IFRS accounting standards, which had been included in full when IFRS 19 was first issued. IFRS 19 (including the amendments) is effective for reporting periods beginning on or after January 1, 2027, with early application permitted. The standard (including the amendments) has not yet been endorsed by the EU. In the following reporting periods, Management will analyse the requirements of this newly issued standard and assess its impact.

- **IAS 21 The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency (Amendments)**

The amendments are effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. The amendments require translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. If an entity's functional currency is the currency of a non-hyperinflationary economy, but its presentation currency is the currency of a hyperinflationary economy, its results and financial position are translated into the presentation currency by translating all amounts (i.e., assets, liabilities, equity items, income and expenses) and all comparatives at the closing rate at the date of the most recent statement of financial position. An entity whose functional currency and presentation currency are the currency of a hyperinflationary economy, restates the comparative amounts of a foreign operation, whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, to the foreign operation's comparative figures. The amendments also introduce certain additional disclosure requirements. The amendments have not yet been endorsed by the EU. Management has assessed that the amendments will not have a material impact on the Group's financial statements.

- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. In the following reporting periods, Management will analyse the requirements of this newly issued standard and assess its impact.

5 Financial risk management objectives and policies

5.1 Financial risk factors

The Group's activities provide exposure to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by the finance management of the Group both under policies approved and separate decisions made by the Board of Directors. It identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

5.1.1 Market risk

Geopolitical risk

In 2024, the Group significantly reduced its geopolitical risks by selling shares of ELKO Ukraine LLC. In the reporting year, the Group continued to focus on the European and Scandinavian markets.

At the same time, sales to Ukraine remained ongoing, and the Group observed continued growth in demand for IT products and related projects in this market during 2025.

Despite this positive trend, geopolitical risks associated with operations in Ukraine remain. As of 31 December 2025, there are no significantly overdue obligations related to this market.

Considering that sales to Ukraine are made in USD, the Group no longer has the risk of currency fluctuations in UAH.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising primarily from fluctuations of the euro and other currencies against the U.S. dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, and net investments in foreign operations.

Purchases of goods from vendors and sales from the Parent Company to subsidiaries are carried out in both U.S. dollars and euros. At the same time, a significant portion of the Group's financing, pricing and margin structure is influenced by the U.S. dollar.

Sales to external customers are performed by subsidiaries mainly in their respective local currencies, as well as in U.S. dollars and euros, depending on the market and contractual arrangements.

Although subsidiaries carry out sales in local currencies, market pricing is generally influenced by the purchasing currency, predominantly the U.S. dollar. As a result, trade receivables and trade payables have a relatively balanced currency structure, which partially mitigates the Group's foreign exchange risk (Notes 18 and 23).

To mitigate foreign currency translation risks the Group is purchasing financial derivatives. The financial derivatives are mainly bought to mitigate risks from USD/EUR currency pair fluctuations.

The Group has investments in foreign operations, whose net assets are exposed to foreign currency translation risk in the amount of USD 87,056 thousand or EUR 74,090 thousand as at 31 December 2024 (31.12.2024: USD 67,293 thousand or EUR 64,773 thousand).

The following table demonstrates the sensitivity to a reasonably possible change of the US dollar exchange rate to other currencies used by the Group, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity (due to changes in the fair value of monetary assets, liabilities and translation of equities in subsidiaries). Considering that Group has hedged its foreign currency exchange risks, actual forecasted risk exposure is close to 0.

5.1.1 Market risk (continued)

	Increase / decrease in US dollar rate to EUR	Effect on profit USD ('000)	Effect on equity USD ('000)
2025			
	+10%	(597)	8,079
	-10%	597	(8,079)
2024			
	+10%	2,810	10,236
	-10%	(2,810)	(10,236)
	Increase / decrease in US dollar rate to EUR	Effect on profit EUR ('000)	Effect on equity EUR ('000)
2025			
	+10%	(552)	7,777
	-10%	552	(7,777)
2024			
	+10%	2,597	9,852
	-10%	(2,597)	(9,852)

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's current borrowings to finance a part of its working capital needs, which exposes the Group's income and operating cash flows towards the changes in market interest rates. Borrowings are taken in a form of credit lines. During 2025, the Group's borrowings at variable rates were predominantly denominated in US dollars and Euro (Note 22).

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Group's profit before tax through the impact on floating rate borrowings.

	Increase / decrease in basis points	Effect on profit before tax (USD'000)
2025		
	+10	(150)
	-10	150
2024		
	+10	(121)
	-10	121
	Increase / decrease in basis points	Effect on profit before tax (EUR'000)
2025		
	+10	(133)
	-10	133
2024		
	+10	(112)
	-10	112

5.1.2 Credit risk

Credit risk is managed on the Group basis by implementing centralised procedures and control. Credit risk arises from the credit exposure to outstanding trade receivables and other receivables (Note 18). The Group minimizes these risks through credit risk insurance and conservative credit policy. 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.

The maximum exposure as at 31 December 2025 is USD 202,640 thousand or EUR 172,459 thousand (31.12.2024: USD 170,228 or EUR 163,854 thousand).

There is no single end-customer or group of end-customers that exceed 10% of total Group sales.

As at 31 December, 2025 the Group's credit risk exposure to its cooperation partners in CIS region was 7.78% of total trade receivables (31.12.2024 13.58%).

Top 10 end-customers constitute approximately 20.9% of total sales (2024: 20.4%).

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than 180 days and are not subject to enforcement activity. The Group does not hold collateral as security. The credit insurance is considered integral part of trade receivables and considered in the calculation of impairment.

Set out below is the information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix:

31 December 2025

Contract assets USD000	Current	Days past due						Trade receivables	
		<30 days	30–60 days	61–90 days	91- 120 days	121-150 days	151-180 days	>181 days	Total
Expected credit loss rate	0.11%	0.20%	0.10%	0.30%	2.40%	22.90%	46.50%	76.40%	10.50%
Estimated total gross carrying amount at default	143,739	14,910	4,886	4,237	1,035	123	58	26,498	195,486
Expected credit loss	163	25	7	14	25	28	27	20,232	20,521*

31 December 2025

Contract assets EUR000	Current	Days past due						Trade receivables	
		<30 days	30–60 days	61–90 days	91- 120 days	121-150 days	151-180 days	>181 days	Total
Expected credit loss rate	0.11%	0.20%	0.10%	0.30%	2.40%	22.90%	46.50%	76.40%	10.50%
Estimated total gross carrying amount at default	122,332	12,690	4,160	3,606	881	104	49	22,551	166,373
Expected credit loss	139	22	6	12	21	24	23	17,218	17,465*

5.1.2 Credit risk (continued)

* As at 31 December 2025, the debtor had an outstanding gross balance of USD 20,958 thousand (EUR 17,837 thousand), for which an individual provision of USD 20,000 thousand (EUR 17,021 thousand) has been recognised.

The debtor relates to sales at the end of 2021, where complications with debt collection arose due to changes in the geopolitical situation.

During 2023 and 2024, the Group received substantial repayments from this debtor, including USD 8,096 thousand (EUR 7,243 thousand) in 2024 (2023: USD 7,096 thousand (EUR 6,335)), reflecting ongoing collection efforts.

In 2025, the Group continued to receive payments from the debtor totalling USD 5,013 thousand, with an additional USD 2,371 thousand received in early January 2026.

Based on the positive collection trend and updated information regarding the recoverability of the outstanding balance, management reassessed the expected credit loss and partially reversed the previously recognised provision in 2025.

As at 31 December 2025, the remaining outstanding balance is substantially covered by the provision.

Management continues to monitor the remaining exposure and considers the level of provision to be appropriate, taking into account the remaining uncertainties. The significance of the outstanding balance requires continued monitoring and prudent management, and management maintains a cautious approach in assessing its recoverability.

31 December 2024

Contract assets	Current	Days past due							Total
		<30 days	30–60 days	61–90 days	91- 120 days	121-150 days	151-180 days	>181 days	
Expected credit loss rate	0.10%	0.30%	1.00%	0.10%	4.90%	1.70%	0.10%	75.90%	12.95%
Estimated total gross carrying amount at default	105,364	16,151	7,722	1,005	341	1,302	12,192	29,185	173,262
Expected credit loss	104	54	74	6	16	21	9	22,162	22,446*

31 December 2024

Contract assets	Current	Days past due							Total
		<30 days	30–60 days	61–90 days	91- 120 days	121-150 days	151-180 days	>181 days	
Expected credit loss rate	0.10%	0.30%	1.00%	0.10%	4.90%	1.70%	0.10%	75.90%	12.95%
Estimated total gross carrying amount at default	101,420	15,546	7,433	968	328	1,253	11,735	28,093	166,776
Expected credit loss	101	52	73	1	16	21	9	21,333	21,606

5.1.3 Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash, the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flows.

5.1.3 Liquidity risk (continued)

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2025 based on contractual undiscounted payments in USD'000:

31 December 2025	On demand	< 3 months	3 to 12 months	1 to 15 years	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
Non-current borrowings	-	-	-	20,621	20,621
Bonds	-	10,078	-	23,500	33,578
Current borrowings	-	2,086	98,043	-	100,129
Trade and other payables	-	146,863	-	-	146,863
Derivative financial instruments	-	105	-	-	105
Total financial liabilities	-	159,132	98,043	44,121	301,296

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2024 based on contractual undiscounted payments in USD'000:

31 December 2024	On demand	< 3 months	3 to 12 months	1 to 15 years	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
Non-current borrowings	-	-	-	14,006	14,006
Bonds	-	-	-	20,778	20,778
Current borrowings	-	-	79,188	-	79,188
Trade and other payables	-	110,841	-	-	110,841
Total financial liabilities	-	110,841	79,188	34,784	224,813

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2025 based on contractual undiscounted payments in EUR'000:

31 December 2025	On demand	< 3 months	3 to 12 months	1 to 15 years	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Non-current borrowings	-	-	-	17,550	17,550
Bonds	-	8,577	-	20,000	28,577
Current borrowings	-	1,775	83,441	-	85,216
Trade and other payables	-	124,990	-	-	124,990
Derivative financial instruments	-	89	-	-	89
Total financial liabilities	-	135,431	83,441	37,550	256,422

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2024 based on contractual undiscounted payments in EUR'000:

31 December 2024	On demand	< 3 months	3 to 12 months	1 to 15 years	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Non-current borrowings	-	-	-	13,482	13,482
Bonds	-	-	-	20,000	20,000
Current borrowings	-	-	76,223	-	76,223
Trade and other payables	-	106,691	-	-	106,691
Total financial liabilities	-	106,691	76,223	33,482	216,395

5.1.3 Liquidity risk (continued)

Supplier finance arrangements

The Group utilises supplier finance arrangements with financial institutions as part of its working capital management. These arrangements provide financing in relation to supplier invoices, while the Group remains responsible for settling the obligations in accordance with agreed terms.

As at 31 December 2025, the Group had several active arrangements with financial institutions:

- A facility with Citadele Factoring with a limit of USD 7,000 thousand (previously USD 15,000 thousand), bearing interest at SOFR + 2.6%, with an outstanding balance of USD 2,885 thousand (EUR 2,455 thousand).
- A facility with Citadele Factoring with a limit of EUR 15,000 thousand (USD 17,625 thousand), bearing interest at 6-month EURIBOR + 2.6%, with an outstanding balance of USD 17,605 thousand (EUR 14,984 thousand).
- A facility with Peridot Financing Solutions Netherlands B.V. with a limit of USD 25,000 thousand, bearing interest at 3-month SOFR or EURIBOR plus 4.5%, with an outstanding balance of USD 18,448 thousand (EUR 15,700 thousand).

The facilities are used to finance supplier invoices and are typically short-term in nature. Depending on the nature of the arrangements, the related balances are presented either within trade and other payables or within other financing liabilities.

5.1.4 Legislative risk

Following the escalation of the geopolitical situation in Ukraine, the Group identified increased legislative and regulatory risks in the region and exited these markets in 2023 in order to mitigate such risks.

In the European markets where the Group currently operates, legislative risk is assessed as moderate, as tax legislation and regulatory frameworks are relatively stable and changes are generally manageable. Management continuously monitors legislative developments in all countries in which the Group operates in order to mitigate potential risks.

5.2. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the financial years presented.

According to legal requirements the board has to ask for shareholder meeting to deal with the capital issue if the equity of the Parent company falls below 50% of share capital.

	31.12.2025.	31.12.2024.	31.12.2025.	31.12.2024.
	USD '000	USD '000	EUR '000	EUR '000
Parent company financials				
Share capital	11,251	11,251	9,901	9,901
Total equity	86,889	74,359	73,948	71,575
Total equity/ Share capital	772%	661%	747%	723%

According to loan agreements Group is in compliance with all covenants.

The Group monitors capital using the following ratio:

	31.12.2025.	31.12.2024.	31.12.2025.	31.12.2024.
	USD '000	USD '000	EUR '000	EUR '000
Consolidated financials				
Net Debt*	125,325	87,640	106,660	84,359
Total equity	148,547	129,780	126,423	124,921
Net Liabilities/ Equity	0.84	0.68	0.84	0.68

* Net debt is equal total borrowings less cash and deposits.

6 Sale of goods and services

	2025	2024	2025	2024
	USD '000	USD '000	EUR '000	EUR '000
Components	182,603	154,880	161,592	143,126
Home & Office Electronics, Peripherals	153,711	142,858	136,024	132,016
Mobile Communications	272,069	291,610	240,765	269,480
Personal Computing	223,599	216,181	197,872	199,775
Small Domestic Appliances & Other	211,569	133,650	187,226	123,507
Software	22,426	22,943	19,846	21,202
Solutions & Value Added Services	76,347	77,736	67,563	71,837
Mobily, hobby & leisure	111,078	93,419	98,298	86,329
Power solutions	5,587	9,518	4,944	8,796
	1,258,989	1,142,795	1,114,130	1,056,068

As at 31.12.2025 there are no remaining performance obligations in existing contracts.

7 Cost of sales, Selling and distribution costs and Administrative expenses

	2025	2024	2025	2024
	USD '000	USD '000	EUR '000	EUR '000
Cost of Trade inventory sold	1,161,044	1,051,928	1,027,454	972,096
Provisions for old stock (Note 17)	(268)	2,154	(237)	1,991
Employee benefit expense (Note 10)	41,635	36,589	36,844	33,812
Rent and office maintenance expenses (Note 15.2)	2,675	2,203	2,367	2,036
Warehousing expenses	1,099	841	973	777
Transportation expenses	5,819	4,868	5,150	4,499
Advertising costs	1,810	725	1,602	670
Professional fees	4,579	3,457	4,052	3,195
Depreciation and amortisation charges (Notes 14.1, 15.1)	9,313	7,556	8,241	6,982
Other expenses	10,844	9,379	9,597	8,668
	1,238,550	1,119,700	1,096,043	1,034,726

8 Other income/expenses

8.1 Other operating income

	2025 USD `000	2024 USD `000	2025 EUR `000	2024 EUR `000
Income from services provided*	1,934	2,457	1,712	2,271
Gain from written-off liabilities	-	379	-	350
Gain from sale of property, plant and equipment	60	-	53	-
Net gain from foreign exchange fluctuations	-	1,385	-	1,280
Other income**	7,738	411	6,847	380
	9,732	4,632	8,612	4,281

* The Group has entered into sub-lease agreement for its premises, which have been in place since prior periods. In 2025, the Group recognized income USD 474 thousand (EUR 419 thousand) from such arrangements, included in Income from service provided above. For more details of sub-lease see Note 15.2.

**In 2025 both results from subsidiary disposal gain and loss were netted out in position Other income, as well as ELKOTEX d.o.o. 49% profit for period 01.01.2025_31.12.2025.

In 2025, the Group received payments from the debtor totalling USD 5,013 thousand (EUR 4,266 thousand), with an additional payment of USD 2,371 thousand (EUR 2,018 thousand) received in early January 2026. Based on the continued positive collection trend and updated information regarding the recoverability of the outstanding balance, management reassessed the expected credit loss and partially reversed the previously recognised provision in the amount of USD 2,000 thousand (EUR 1,770 thousand).

8.2 Other operating expenses

	2025 USD `000	2024 USD `000	2025 EUR `000	2024 EUR `000
Changes in allowance for ECL (Note 18)	(114)	252	(101)	233
Provisions for old stock (Note 17)*	-	-	-	-
Net loss from foreign exchange fluctuations	(992)	-	(877)	-
Other expenses	(1,509)	(1,869)	(1,336)	(1,728)
	(2,615)	(1,617)	(2,314)	(1,495)

* Certain comparative information has been reclassified to ensure consistency with the current year presentation. The reclassification has no impact on the Group's profit or loss.

9 Finance income and costs

	2025 USD `000	2024 USD `000	2025 EUR `000	2024 EUR `000
Interest expense:				
– Bank and bond borrowings	(11,424)	(9,279)	(10,110)	(8,575)
– Other interests	(33)	(14)	(29)	(13)
Finance costs	(11,457)	(9,293)	(10,139)	(8,588)
Finance income:				
– Interest income on short-term bank deposits	112	338	99	313
– Penalties and other interest income	617	724	547	668
Finance income	729	1,062	646	981
Net finance costs	(10,728)	(8,231)	(9,493)	(7,607)

10 Employee benefit expense

	2025	2024	2025	2024
	USD `000	USD `000	EUR `000	EUR `000
Wages and salaries	30,993	26,684	27,426	24,658
Social security costs	8,903	8,212	7,878	7,589
Other employment benefits	1,739	1,693	1,539	1,565
	41,635	36,589	36,843	33,812

Employees involved in the sales functions are subject to a partial variable remuneration based on the sales performance.

All personnel expenses have been charged in statement of comprehensive income and are shown in administrative expenses.

11 Income tax

Current corporate income tax

	Latvia	Lithuania	Poland	Estonia/ Kazakhstan	Slovakia	Czech Republic	Cyprus	Sweden	Romania	Switzerland
2025	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Profit/ (loss) before income tax	12,068	54	938	(313)	2,977	729	-	5,350	(1,976)	294
Income tax rate	25%	16%	19%	20%	24%	21%	12.50%	20.60%	16%	14%
Tax calculated at domestic tax rates applicable to profits in respective countries	3,017	8	168	(71)	684	144	-	1,021	(306)	41
Income tax effect from profit taxable with 0% rate	(3,017)	-	-	71	-	-	-	22	306	(41)
Utilization of previously unrecognized tax loss	-	-	-	-	(10)	-	-	-	-	-
Permanent differences:	-	-	-	-	-	-	-	-	-	-
Non-operating expense	21	5	6	-	263	15	-	138	1,270	-
Other	-	-	-	1	(156)	-	-	43	(1,270)	-
Income tax on dividends	-	-	-	-	-	-	-	-	-	-
Actual income tax for the reporting year:	21	14	185	1	815	168	-	1,320	-	-
Effective income tax rate	25%	16%	19%	20%	24%	21%	12.50%	20.60%	16%	14%
2024	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Profit/ (loss) before income tax	11,178	45	311	219	5,277	1,210	(39)	2,684	215	1,547
Income tax rate	25%	15%	19%	20%	21%	19%	12.50%	20.60%	16%	14%
Tax calculated at domestic tax rates applicable to profits in respective countries	2,795	14	59	45	1,108	253	(4)	552	36	217
Income tax effect from profit taxable with 0% rate	(2,795)	-	-	(8)	557	-	5	-	-	(217)
Utilization of previously unrecognized tax loss	-	-	-	-	(34)	-	-	-	-	-
Permanent differences:	-	-	-	-	-	-	-	-	-	-
Non-operating expense	38	-	5	-	566	38	-	41	1,140	-
Other	-	-	-	(1)	(570)	-	-	822	(1,000)	-
Income tax withheld on dividends	-	-	-	-	-	-	-	-	-	-
Actual income tax for the reporting year:	38	14	65	36	1,627	291	-	1,415	176	-
Reversal of deferred tax	-	-	-	-	-	-	-	-	-	-
Corporate income tax charged to the statement of profit or loss:	38	14	65	36	1,627	291	-	1,414	176	-
Effective income tax rate	25%	15%	19%	20%	21%	19%	12.50%	20.60%	16%	14%

11 Income tax (continued)

	Latvia	Lithuania	Poland	Estonia/ Kazakhstan	Slovakia	Czech Republic	Cyprus	Sweden	Romania	Switzerland
2025	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Profit/ (loss) before income tax	10,679	48	830	(277)	2,635	645	-	4,735	(1,749)	260
Income tax rate	25%	16%	19%	20%	24%	21%	12.50%	20.60%	16%	14%
Tax calculated at domestic tax rates applicable to profits in respective countries	2,670	8	149	(63)	605	127	-	904	(272)	36
Income tax effect from profit taxable with 0% rate	(2,670)	-	-	63	-	-	-	18	272	(36)
Utilization of previously unrecognized tax loss	-	-	-	-	(9)	-	-	-	-	-
Permanent differences:	-	-	-	-	-	-	-	-	-	-
Non-operating expense	19	4	6	-	232	13	-	122	1,124	-
Other	-	-	-	1	(138)	-	-	37	(1,124)	-
Income tax on dividends	-	-	-	-	-	-	-	-	-	-
Actual income tax for the reporting year:	19	12	165	1	721	149	-	1,167	-	-
Effective income tax rate	25%	16%	19%	20%	24%	21%	12.50%	20.60%	16%	14%
2024	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Profit/ (loss) before income tax	10,330	42	288	202	4,876	1,118	(36)	2,480	198	1,430
Income tax rate	25%	15%	19%	20%	21%	19%	12.50%	20.60%	16%	14%
Tax calculated at domestic tax rates applicable to profits in respective countries	2,583	13	55	42	1,024	234	(5)	511	32	200
Income tax effect from profit taxable with 0% rate	(2,583)	-	-	(8)	515	-	5	-	-	(200)
Utilization of previously unrecognized tax loss	-	-	-	-	(32)	-	-	-	-	-
Permanent differences:	-	-	-	-	-	-	-	-	-	-
Non-operating expense	35	-	5	-	523	35	-	38	1,054	-
Other	-	-	-	(1)	(527)	-	-	759	(924)	-
Income tax withheld on dividends	-	-	-	-	-	-	-	-	-	-
Actual income tax for the reporting year:	35	13	61	33	1,503	269	-	1,308	162	-
Reversal of deferred tax	-	-	-	-	-	-	-	-	-	-
Corporate income tax charged to the statement of profit or loss:	35	13	61	33	1,503	269	-	1,308	162	-
Effective income tax rate	25%	15%	19%	20%	21%	19%	12.50%	20.60%	16%	14%

12 Earnings per share

The Group has no dilutive potential shares therefore diluted earnings per share are equal to basic earnings per share.

The share capital consist of: 9,785 thousands dematerialized ordinary registered shares with voting rights, rights to liquidation quota and rights to receive dividends, and 116 thousands dematerialized employee registered shares without voting rights and without rights receive liquidation quota, but with rights to receive dividends.

Basic earnings per share are calculated by dividing net profit for the year attributable to equity holders of the parent by the weighted average number of ordinary and employee shares outstanding during the year.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2025	2024	2025	2024
	USD '000	USD '000	EUR '000	EUR '000
Profit attributable to equity holders of the Parent Company	12,983	11,892	11,489	10,989
Weighted average number of ordinary and employee shares in issue (thousand)	9,901	9,901	9,901	9,901
Basic earnings per share (EUR/USD per share)	1.31	1.20	1.16	1.11

13 Dividends per share

During the year the Parent Company has paid out dividends on prior year retained earnings in amount of USD 9,000 thousand or EUR 7,926 thousand (2024: USD 9,600 thousand or EUR 8,811 thousand) for ordinary shares and USD 409 thousand or EUR 360 thousand (2024: USD 577 thousand or EUR 540 thousand) for personal non voting shares, representing USD 0.95 or EUR 0.84 per share (2024: USD 1.03 or EUR 0.95 per share).

Dividends amount paid in cash during the year 2025 was EUR 2,558 thousand. Dividends amount of USD 6,424 thousand (EUR 5,489 thousand) was offset through loan from shareholders (see Note 22).

14 Intangible assets and Investments

14.1 Intangible assets

	Software		Goodwill		Total	
	USD '000	EUR '000	USD '000	EUR '000	USD '000	EUR '000
At 31 December 2023						
Cost	6,008	5,326	2,117	1,916	8,125	7,242
Accumulated amortisation	(4,161)	(3,654)	-	-	(4,161)	(3,654)
Net book amount at 31 December 2023	1,847	1,672	2,117	1,916	3,964	3,588
2024						
Opening net book amount	1,847	1,672	2,117	1,916	3,964	3,588
Exchange differences	404	496	(169)	(41)	235	455
Additions	147	141	(1)	(1)	146	140
Disposals/reclassification	(56)	(54)	-	-	(56)	(54)
Changes in consolidated Group (cost)	34	33	-	-	34	33
Changes in consolidated Group (accumulated amortisation)	(518)	(499)	-	-	(518)	(499)
Amortisation charge	(573)	(552)	-	-	(573)	(552)
Closing net book amount at 31 December 2024	1,285	1,237	1,947	1,874	3,232	3,111
At 31 December 2024						
Cost	6,537	5,942	1,947	1,874	8,484	7,816
Accumulated amortisation	(5,252)	(4,705)	-	-	(5,252)	(4,705)
Net book amount at 31 December 2024	1,285	1,237	1,947	1,874	3,232	3,111
2025						
Opening net book amount	1,285	1,237	1,947	1,874	3,232	3,111
Exchange differences	(90)	(221)	328	62	238	(159)
Additions	634	540	1,822	1,551	2,456	2,091
Disposals/reclassification	40	34	-	-	40	34
Changes in consolidated Group (cost)	265	226	-	-	265	226
Changes in consolidated Group (accumulated amortisation)	(603)	(513)	-	-	(603)	(513)
Amortisation charge	(450)	(383)	-	-	(450)	(383)
Closing net book amount at 31 December 2025	1,081	920	4,097	3,487	5,178	4,407
At 31 December 2025						
Cost	7,386	6,521	4,097	3,487	11,483	10,008
Accumulated amortisation	(6,305)	(5,601)	-	-	(6,305)	(5,601)
Net book amount at 31 December 2025	1,081	920	4,097	3,487	5,178	4,407

Amortisation expenses of intangible assets in the amount of USD 450 thousand or EUR 383 thousand (2024: USD 573 thousand or EUR 552 thousand) have been charged in statements of comprehensive income and are shown in administrative expenses. The cost of fully amortised intangible assets at 31 December 2025 were USD 1,494 thousand or EUR 1,272 thousand (31.12.2024: USD 978 thousand or EUR 941 thousand).

All intangible assets have been pledged to secure bank credit lines (Note 22).

14.2 Investments in associates and disposals of subsidiaries

Investments in associates

In January 2022 Akciju Sabiedrība ELKO Grupa sold 2% of its investment in ELKOTEX d.o.o. and became a minority shareholder of the company with 49% interest.

The Parent Company's interest in ELKOTEX d.o.o. is accounted for using the equity method in the consolidated financial statements. Investment in ELKOTEX d.o.o. is initially recognised at cost and subsequently adjusted to reflect the investor's share of the net assets of the associate (investee). The following accounting is based on the equity method, i.e. the Group's part of the profit is accounted for as an increase in Investment through the statement of comprehensive income.

The associate had no contingent liabilities or capital commitments as at 31 December 2025.

Acquisition and Disposal of subsidiaries

Disposal of subsidiaries

In April 2022 Akciju Sabiedrība ELKO Grupa sold 100 percent of its subsidiaries ELKO RUS Limited and TD Absolut LLC. Sale price was calculated internally using a commonly accepted appraisal model. The buyer of ELKO RUS LTD and TD ABSOLUT LLC is one of the shareholders of Akciju sabiedrība ELKO Grupa holding 23.66% of shares (Note 27).

As part of the sales agreement, a contingent consideration was agreed, providing for additional payments amounting to 80% of the subsidiary's net profit for the period 2022-2024. Net profit is determined based on the subsidiary's statutory financial statements for the full year or management accounts for an incomplete financial year.

As at 31 December 2022, considering various scenarios, the fair value of the contingent consideration was estimated at USD 13,728 thousand or EUR 12,871 thousand. The assessment was based on forecasted results of ELKO RUS Limited and TD ABSOLUT LLC, as well as geopolitical risks associated with the Russian market and the probability of settlement.

During subsequent periods, the contingent consideration related to the 2022 performance was settled.

As at 31 December 2025, no further amounts have been recognised in respect of the contingent consideration, as reliable financial information for the subsequent periods is not available and the uncertainty regarding the recoverability of any additional amounts remains significant.

In 2023, the Group disposed of a subsidiary ELKO Ukraine LLC. As at 31 December 2025, part of the consideration amounting to USD 6,133 thousand (EUR 5,721 thousand) remains outstanding and is due for settlement by 31 December 2029.

Management continues to monitor the recoverability of the outstanding balance.

14.2 Investments in associates and disposals of subsidiaries (continued)

In December 2025 Akciju Sabiedrība ELKO Grupa sold 100 percent of its subsidiary ELKO Trading Kazakhstan LLP to an independent third parties.

The sale price was determined internally using a commonly accepted valuation approach and reflects the subsidiary's financial performance and prevailing market conditions at the date of disposal.

The transaction was conducted on an arm's length basis.

Analysis of subsidiary's assets and liabilities over which control was lost and related cash flows is presented below.

	24.12.2025.	24.12.2025.
	USD '000	EUR '000
Assets		
Cash and cash equivalents	235	200
Other assets	114	96
Total assets	349	296
Liabilities		
Trade and other accounts payable	70	59
Total liabilities	70	59
Net assets disposed of	279	237
Consideration received*	20	17
Group's loss on disposal accounted in	(259)	(220)
Income statement	(259)	(220)
Statement of changes in equity		

The following table provides analysis of consideration received and cash and cash equivalents disposed on disposal of subsidiary.

	Cash flows on disposal	
Consideration received in cash and cash equivalents	-	-
Less: cash and cash equivalent balances disposed of	(235)	(200)
Net cash inflow on disposal of subsidiary	(235)	(200)

* consideration in amount of USD 20 thousand not received yet and is due till 31.03.2026

During the year the Group lost control over subsidiary ELKO Mobile Ltd. as the entity was liquidated in April 2025. The investment in the subsidiary had been fully impaired in prior periods and therefore the liquidation did not have a material impact on the Group's consolidated financial statements.

As a result of the liquidation, the related non-controlling interests were derecognised.

During the year, subsidiary ARAŠID spol. s r.o. was merged into subsidiary WESTech spol. s r.o. as part of an internal reorganisation within the Group. At the date of merger, the entity had a net liabilities position and therefore did not represent a positive investment value at the Group level. The transaction had no impact on the Group's consolidated financial statements.

14.2 Investments in associates and disposals of subsidiaries (continued)

Acquisition of subsidiaries

Renewed AB is an established company operating in the refurbished device segment, offering a diversified range of products and services, including smartphones, tablets, smartwatches, laptops and accessories. The company operates scalable processes covering the full device lifecycle and is headquartered in Stockholm, with a regional network of suppliers and service partners. In 2024, Renewed AB generated revenue of EUR 12.3 million.

The Group acquired Renewed AB to strengthen its presence in the circular economy segment and expand its product offering. The refurbished devices market continues to demonstrate steady growth, and the acquisition enables the Group to offer additional solutions to its partners, including support for trade-in programmes and access to sustainable, high-quality devices.

The Group has elected to measure the non-controlling interest in the acquiree at the proportionate share of the acquiree's identifiable net assets. The fair values of the identifiable assets and liabilities did not differ materially from their carrying amounts at the acquisition date.

Assets and liabilities acquired

	31.12.2025. USD '000	31.12.2025. EUR '000
The fair values of the identifiable assets and liabilities of Renewed AB as at the date of acquisition were:		
Fair value recognised on acquisition		
Assets		
Property, plant and equipment	16	15
Cash and cash equivalents	1,006	961
Trade receivables	715	683
Other receivables	280	267
Inventories	615	587
	2,632	2,513
Liabilities		
Trade payables	(591)	(564)
Other liabilities	(175)	(167)
Company income tax liability	(120)	(114)
	(886)	(845)
Total identifiable net assets at fair value	1,746	1,668
Non-controlling interest measured at the proportionate share of the acquiree's identifiable net assets	425	362
Goodwill arising on acquisition	1,822	1,551
Purchase consideration transferred	2,953	2,821
	31.12.2025.	31.12.2025.
	USD '000	EUR '000
In March 2025 Akciju Sabiedrība ELKO Grupa, through Gandalf Distribution AB, acquired 78.95% of shareholding in Renewed AB.	(2,236)	(2,100)
Net cash flow on acquisition of subsidiaries	(2,236)	(2,100)
Net cash flow from investing activities	(2,236)	(2,100)

15 Property, plant and equipment and leases

15.1 Property, plant and equipment

	Leashold improvements		Communication and computer engineering		Other fixed assets		Total	
	USD	EUR	USD	EUR	USD	EUR	USD	EUR
At 31 December 2023								
Cost	1,034	907	5,294	4,495	13,309	11,355	19,637	16,757
Accumulated depreciation	(500)	(424)	(4,798)	(4,046)	(7,453)	(6,055)	(12,751)	(10,525)
Net book amount at 31 December 2023	534	483	496	449	5,856	5,300	6,886	6,232
2024								
Opening net book amount	534	483	496	449	5,856	5,300	6,886	6,232
Exchange differences	-	30	-	29	551	923	551	982
Additions	184	177	494	476	1,058	1,018	1,736	1,671
Disposals at cost/reclassifications	(22)	(21)	(131)	(126)	472	454	319	307
Changes in consolidated Group (cost)	(23)	(22)	(118)	(114)	(2,044)	(1,967)	(2,185)	(2,103)
Changes in consolidated Group (accumulated depreciation)	8	8	99	95	1,330	1,280	1,437	1,383
Depreciation charge	(177)	(170)	(352)	(339)	(1,755)	(1,745)	(2,284)	(2,254)
Closing net book amount at 31 December 2024	504	485	488	470	5,468	5,263	6,460	6,218
At 31 December 2024								
Cost	1,173	1,041	5,539	4,731	12,795	10,860	19,507	16,632
Accumulated depreciation	(669)	(556)	(5,051)	(4,261)	(7,327)	(5,597)	(13,047)	(10,414)
Net book amount at 31 December 2024	504	485	488	470	5,468	5,263	6,460	6,218
2025								
Opening net book amount	504	485	488	470	5,468	5,263	6,460	6,218
Exchange differences	(1)	(56)	1	(54)	(1,136)	(1,359)	(1,136)	(1,469)
Additions	939	799	3,030	2,579	1,248	1,062	5,217	4,440
Disposals at cost/reclassifications	44	37	(430)	(366)	11	9	(375)	(320)
Changes in consolidated Group (cost)	31	26	(363)	(309)	3,370	2,868	3,038	2,585
Changes in consolidated Group (accumulated depreciation)	(7)	(6)	326	277	(1,459)	(1,242)	(1,140)	(971)
Depreciation charge	(223)	(190)	(568)	(483)	(1,985)	(1,906)	(2,776)	(2,579)
Closing net book amount 31 December 2025	1,287	1,095	2,484	2,114	5,517	4,695	9,288	7,904
At 31 December 2025								
Cost	2,187	1,903	7,776	6,635	17,424	14,799	27,387	23,337
Accumulated depreciation	(900)	(808)	(5,292)	(4,521)	(11,907)	(10,104)	(18,099)	(15,433)
Net book amount at 31 December 2025	1,287	1,095	2,484	2,114	5,517	4,695	9,288	7,904

15.1 Property, plant and equipment (continued)

Depreciation expenses of tangible assets in the amount of USD 2,776 thousand or EUR 2,579 thousand (2024: USD 2,284 thousand or EUR 2,254 thousand) have been charged in statement of profit or loss and are shown in administrative expenses.

The cost of fully depreciated property, plant and equipment at 31 December 2025 was USD 8,251 thousand or EUR 7,022 thousand (31.12.2024: USD 5,757 thousand or EUR 5,541 thousand).

All tangible assets have been pledged to secure bank credit lines (Note 22).

15.2 Leases

Group as a lessee

The Group has lease contracts for various premises – office space, warehouse and stores with wide range of lease terms between 2-14 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets, except office space of Group's Parent company, where sub-lease is allowed and executed.

There are several lease contracts that include extension and termination options, which are further discussed below.

The Group also has certain leases of premises with lease terms of 12 months or less and with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Premises USD '000	Total USD '000	Premises EUR '000	Total EUR '000
As at 1 January 2024	21,344	21,344	19,316	19,316
Additions	2,947	2,947	2,837	2,837
Depreciation expense	(4,475)	(4,475)	(4,153)	(4,153)
Disposals	(3,058)	(3,058)	(2,943)	(2,943)
Exchange difference	(1,116)	(1,116)	(1)	(1)
As at 31 December 2024	15,642	15,642	15,056	15,056
As at 1 January 2025	15,642	15,642	15,056	15,056
Additions	12,836	12,836	10,924	10,924
Depreciation expense	(5,862)	(5,862)	(5,144)	(5,144)
Disposals	-	-	-	-
Exchange difference	1,867	1,867	1	1
As at 31 December 2025	24,483	24,483	20,837	20,837

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	2024 USD '000	2024 EUR '000
As at 1 January 2024	21,698	19,636
Additions	2,925	2,816
Accretion of interest	460	428
Payments	(5,083)	(4,893)
Disposals	(3,093)	(2,977)
Exchange difference	(1,312)	1
As at 31 December 2024*	15,595	15,011

15.2 Leases (continued)

	2025	2025
	USD `000	EUR `000
As at 1 January 2025	15,595	15,011
Additions	12,836	10,924
Accretion of interest	885	772
Payments	(5,448)	(4,636)
Disposals	-	-
Exchange difference	2,066	-
As at 31 December 2025*	25,934	22,071

* The following incremental borrowing rates are used in lease liability calculation:

Akciju Sabiedrība ELKO Grupa – 2.6%

Gandalf Distribution AB – 2%

ELKOTech Romania SRL – 4.5%

WESTech spol. s r.o., WESTech CZ s r.o., SWISS spol. S r.o. – 2.34%

The maturity analysis of lease liabilities:

	USD `000	EUR `000
Non-current liabilities		
Lease liabilities	11,487	11,057
Current liabilities		
Lease liabilities	4,108	3,954
As at 31 December 2024	15,595	15,011
	USD `000	EUR `000
Non-current liabilities		
Lease liabilities	20,605	17,536
Current liabilities		
Lease liabilities	5,329	4,535
As at 31 December 2025	25,934	22,071

The following are the amounts recognised in profit or loss:

	2025	2024	2025	2024
	USD `000	USD `000	EUR `000	EUR `000
Depreciation expense of right-of-use assets	5,862	4,475	5,144	4,153
Interest expense on lease liabilities	885	460	772	428
Expense relating to short-term and low value leases (included in cost of sales)	(1,539)	182	(1,440)	147
Total amount recognised in profit or loss	5,208	5,117	4,476	4,728

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 3).

15.2 Leases (continued)

Rent agreement with Lessor's option to terminate agreement within 1 year time with no substantial penalties are considered by the Group as short term agreements. The Group does not have any agreements, where it plans not to execute extension option and execute termination option of rent agreement.

Group as a lessor

The Group has concluded several sub-lease (operating leases) agreements for its premises. Sub-lease agreements are with a different terms from 1 to 14 years. Rental income recognised by the Group during the year is USD 379 thousand (EUR 350 thousand) (2024: USD 363 thousand (EUR 336 thousand)).

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	2025	2024	2025	2024
	USD '000	USD '000	EUR '000	EUR '000
Within one year	368	333	313	312
After one year but not more than five years	849	844	722	790
More than five years	269	367	229	344
	1,486	1,544	1,264	1,446

16 Issued loans and other current financial investments

16.1 Issued loans

	31.12.2025.	31.12.2024.	31.12.2025.	31.12.2024.
	USD '000	USD '000	EUR '000	EUR '000
SWISS CZ s.r.o. ¹	200	304	170	293
Radovan Pivovarči ²	220	195	187	188
SIA Eurotrail ³	1,076	951	916	915
Port64 SIA ⁴	41	36	35	35
LetMeRepair Nordic AB ⁵	764	364	651	350
	2,301	1,850	1,959	1,781

¹ SWISS spol. s r.o. issued a loan to SWISS CZ s.r.o. in amount of 170 thousands EUR. The interest rate is 5% and maturity date is 31 July 2027.

² SWISS spol. s r.o. issued a loan to Radovan Pivovarči in amount of 187 thousands EUR. The interest rate is 5% and maturity date is 31 December 2028.

³ Akciju sabiedrība ELKO Grupa issued a loan to SIA Eurotrail in amount of 915 thousands EUR. The interest rate is 7% and maturity date is 31 December 2026.

⁴ Akciju sabiedrība ELKO Grupa issued a loan to Port64 SIA in amount of 35 thousands EUR. The interest rate is 5% and maturity date is 31 December 2027.

⁵ Akciju sabiedrība ELKO Grupa issued a loan to LetMeRepair AG in amount of 650 thousands EUR. The interest rate is 6% and maturity date is 17 December 2026.

16 Issued loans and other current financial investments (continued)
16.2 Other current financial investments

	31.12.2025.	31.12.2024.	31.12.2025.	31.12.2024.
	USD '000	USD '000	EUR '000	EUR '000
Deposits more than 3 months	3,588	3,156	3,054	3,038
	3,588	3,156	3,054	3,038

17 Inventories

	31.12.2025.	31.12.2024.	31.12.2025.	31.12.2024.
	USD '000	USD '000	EUR '000	EUR '000
Trade inventory	145,015	99,952	123,417	96,209
Trade inventory in transit	29,431	25,478	25,048	24,525
Prepayments for trade inventory	6,483	13,422	5,517	12,919
Less - Allowance for inventory*:	(11,273)	(9,870)	(9,594)	(9,500)
Total inventories at the lower of cost and net realisable value	169,656	128,982	144,388	124,153

* In light of the uncertainty regarding the future turnover of certain product groups beyond December 31, 2025, and in accordance with the principle of prudence, management has resolved to recognize provisions for these items in order to appropriately reflect potential risks associated with their realisation.

Estimates of net realisable value of inventory are based on the most reliable evidence available at the time the estimates are made. As such estimates are continuously evaluated; it is common that in the normal course of business, circumstances that previously caused inventories to be written down below cost no longer exist resulting in reversals of write-downs.

The cost of inventories recognised as expense and included in cost of sales amounted to USD 1,383,287 thousand or EUR 1,224,126 thousand (2024: USD 1,165,590 thousand or EUR 1,077,133 thousand). All inventories except for trade inventory on which the legal title of goods have not been passed from vendors to the Group USD 29,431 thousand as at 31 December 2025 (31.12.2024: 25,478 thousand) or EUR 25,048 thousand as at 31 December 2025 (31.12.2024: EUR 24,525 thousand) and trade inventory in transit have been pledged to secure bank credit lines (Note 22).

On December 31, 2025 and 2024, there were no consignment inventories.

During 2025, USD 2,692 thousand or EUR 2,382 thousand (2024: USD 890 thousand or EUR 822 thousand as an expenses for inventories) was recognised as an income for inventories carried at net realisable value.

18 Trade and other receivables and prepayments

	31.12.2025.	31.12.2024.	31.12.2025.	31.12.2024.
	USD `000	USD `000	EUR `000	EUR `000
Trade receivables	177,304	156,176	150,899	150,330
Less: allowance for impairment of trade receivables*	(20,521)	(22,446)	(17,465)	(21,606)
Trade receivables – net	156,783	133,730	133,434	128,724
Advances to suppliers	10,367	3,483	8,822	3,351
VAT receivable	1,713	1,977	1,458	1,903
Other debtors**	13,994	12,967	11,910	12,482
Custom prepayments	408	579	347	557
Debt on factoring***	18,182	17,086	15,474	16,446
Other tax receivable in foreign countries	108	42	91	41
	201,555	169,864	171,536	163,504

* A significant portion of the allowance relates to an individual provision for a debtor recognised in 2022 in relation to sales made at the end of 2021. The recoverability of this balance has been affected by changes in the geopolitical environment, which have resulted in ongoing challenges in debt collection.

During 2023 and 2024, the Group received payments totalling USD 7,096 thousand (EUR 6,335 thousand) and USD 8,096 thousand (EUR 7,243 thousand), respectively. In 2025, additional payments of USD 5,013 thousand (EUR 4,266 thousand) were received, with a further USD 2,371 thousand (EUR 2,018 thousand) collected in early January 2026.

Based on the continued positive collection trend and updated information regarding the recoverability of the outstanding balance, management reassessed the expected credit loss and partially reversed the previously recognised provision in 2025 (see Note 8.1, 5.1.2).

As at 31 December 2025, the outstanding gross amount due from the debtor amounted to USD 20,958 thousand (EUR 17,837 thousand). Despite the improvement in collections, the remaining balance continues to be subject to uncertainty, and management maintains a prudent approach in assessing the related allowance.

**Other Debtors increase based on higher volume of accrued income for Gandalf Distribution AB and WesTech CZ s.r.o. USD 5,128 thousand (EUR 4,365 thousand); debt related to sales of Emerging Transaction Markets GTC Ltd (previous name: ELKO Trading Malta Limited) shares of USD 6,000 thousand (EUR 5,106 thousand) with maturity term 13.12.2027 is classified as long- term; as well as debt for prepayments to business partners and deposits.

*** The debt on factoring includes trade receivables that has been transferred under a factoring arrangement with recourse. In accordance with the applicable recognition criteria under IFRS 9, these receivables remain on the Group's balance sheet, as the associated risks and rewards have not been fully transferred to the factor.

All trade receivables have been pledged to secure bank credit lines (Note 22).

Trade receivables are non-interest bearing and are generally on 7-90 days' terms.

Movements in the allowance for impairment of trade receivables are as follows:

	2025	2024	2025	2024
	USD `000	USD `000	EUR `000	EUR `000
At 1 January	22,446	22,756	21,606	20,594
Provision for expected credit loss	114	(252)	101	(233)
Used allowances	(2,039)	(58)	(4,242)	1,245
At 31 December	20,521	22,446	17,465	21,606

18 Trade and other receivables and prepayments (continued)

The creation and release of allowance for impaired receivables have been included in other operating expenses in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

19 Cash deposits, cash and cash equivalents

	31.12.2025.	31.12.2024.	31.12.2025.	31.12.2024.
	USD '000	USD '000	EUR '000	EUR '000
Cash at banks and on hand	29,003	26,332	24,683	25,346
	29,003	26,332	24,683	25,346

All cash and cash deposits have been pledged to secure bank credit lines (Note 22), but the Group has unlimited access to these funds.

20 Issued capital and reserves

20.1 Share capital

The total authorised and issued number of ordinary shares is 9,785 thousand shares as at 31 December 2025 (31.12.2024: 9,785 thousand shares) with a value of USD 1.1358 per share (31.12.2024: USD 1.1358 per share) and with value of EUR 1.00 per share (31.12.2024: EUR 1.00 per share) and 115.99 thousand (31.12.2024: 115.99 shares) personal non voting shares with value of USD 1.1358 per share and with value of EUR 1.00 per share (31.12.2024: EUR 1.00 per share). All issued shares are fully paid. There were no share options outstanding for any of the years presented. All issued shares were purchased by cash contribution.

20.2 Share Premium

In 2005 share capital was increased, attracting new shareholders. As a result of share capital increase and attraction of new shareholders, share premium reserve in the amount of USD 5,996 thousand or EUR 4,974 thousand was created.

20.3 Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations. The main portion of translation reserve appeared due to the fact, that retained earnings are measured on transaction date exchange rate instead of closing rate.

21 Goodwill

IT Smart

Goodwill arose from the acquisition of IT Smart Distribution SRL, which was completed in 2021 and subsequently integrated into ELKOTech Romania SRL in 2022. The acquisition was undertaken to diversify the Group's product portfolio and strengthen its market position in Romania.

The business has been fully integrated into the Group's operations in Romania, and the recognised goodwill remained unchanged as at 31 December 2025.

21 Goodwill (continued)

Gandalf Distribution AB

Goodwill arose from the acquisition of Gandalf Distribution AB, which strengthened the Group's presence and expanded its product portfolio in the Nordic region.

The business has been fully integrated into the Group's operations, and the recognised goodwill remained unchanged as at 31 December 2025.

ARAŠID spol. s r.o.

On 14 December 2019 WESTech s.r.o. acquired the residual 35% of ARAŠID spol. s r.o. for a consideration of EUR 571 thousand (USD 633 thousand).

In 2025, ARAŠID spol. s r.o. was merged into WESTech s.r.o. as part of an internal reorganisation within the Group. The transaction had no impact on the Group's consolidated financial statements and did not result in the recognition of additional goodwill.

Renewed AB

Goodwill arose from the acquisition of 78.95% of the shares in Renewed AB by Gandalf Distribution AB on 5 March 2025. The acquisition was undertaken to further strengthen the Group's presence and expand its activities in the Nordic region.

The recognised goodwill reflects expected synergies from the integration of the business and is allocated to the related operations. As at 31 December 2025, the recognised goodwill amounted to USD 1,822 thousand or EUR 1,551 (SEK 16,781 thousand) and remained unchanged.

22 Interest-bearing loans and borrowings

Current	Interest rate %	Maturity	31.12.2025.	31.12.2024.	31.12.2025.	31.12.2024.
			USD '000	USD '000	EUR '000	EUR '000
Bank loans and credit lines						
Bonds**	6.00%	12.02.2026	10,078	-	8,577	-
Trade finance from Citadele Factoring	SOFR+2.60%	01.10.2026	2,885	-	2,455	-
Overdraft from Luminor Bank	EURIBOR3M + 3.0%	31.07.2026	4,093	-	3,483	-
Overdraft from Luminor Bank	SOFR3M+3.0%	31.07.2026	-	4,547	-	4,377
Overdraft from OP Corporate Bank plc	SOFR3M USD+3.35%	31.07.2026	16,301	15,560	13,873	14,977
Trade finance from Citadele Factoring	SOFR USD+2.6%	01.10.2025	-	14,943	-	14,383
Trade finance from Citadele Factoring	EURIBOR6M+2.6%	01.10.2026	17,606	-	14,984	-
Factoring from Citadele Factoring	EURIBOR6M+2.7%	26.09.2026	10,510	10,389	8,945	10,000
Overdraft from Citadele Bank	EURIBOR3M+5.4%	31.10.2026	-	4,691	-	4,515
Factoring from RIB	EURIBOR3M+3.25%	20.02.2026	2,086	1,497	1,775	1,441
Overdraft from Banca Transilvania (Romania)	ROBOR1M+1.7%	19.10.2026	8,848	8,096	7,530	7,793
Credit line from Banca Transilvania (Romania)	ROBOR1M/EURIBOR1M+1.7-2.1%	02.10.2027	2,867	2,157	2,440	2,076
Overdraft from Unicredit (Romania)	ROBOR1M+1.85%	05.10.2026	1,864	881	1,586	848
Overdraft from Unicredit (Romania)	EURIBOR1M+2.1%	05.10.2026	7,395	6,545	6,297	6,300
Overdraft from Danske Bank (Sweden)	ESTR1D/SOFR/STIBOR3M+1.75%	31.12.2026	14,836	1,146	12,626	1,103
ČSOB a.s. Overdraft	EURIBOR1M+0.6%	31.12.2026	267	332	227	320
Slovenská sporiteľňa, a.s. - overdraft (Slovakia)	EURIBOR3M+1.0%	31.01.2027	-	161	-	155
ORANGE, a.s.	0%	20.12.2026	4	2	3	2
MB FS Leasing a.s.	7.22%	15.04.2026	5	13	4	13
UniCredit Leasing a.s.	5.70%	05.08.2026	6	7	5	7
LSK spo. s.r.o.	5.00%	31.12.2028	1,704	4,103	1,450	3,950
Other loans:						
Interest-bearing loans from related***	7.00%	31.12.2026	3,518	-	2,994	-
Other - credit cards			-	10	-	10
Lease liabilities*			5,329	4,108	4,535	3,954
ČSOB Leasing a.s.	6.57%	30.07.2029	5	-	4	-
			110,207	79,188	93,793	76,224
Non-current						
Bonds**	7.25%	13.12.2029	23,500	20,778	20,000	20,000
ČSOB Leasing a.s.	6.57%	30.07.2029	15		13	
Interest-bearing loans from related***	5.00%	31.12.2025	-	2,507	-	2,413
ORANGE, a.s.	0.00%	20.12.2026	1	2	1	2
Lease liabilities*			20,605	11,487	17,536	11,057
MB FS Leasing a.s.	7.22%	15.04.2026	-	5	-	4
UniCredit Leasing a.s.	5.70%	05.08.2026	-	5	-	5
			44,121	34,784	37,550	33,481
			154,328	113,972	131,343	109,705

* Lease liabilities in accordance with IFRS16.

** In February 2021, Akciju Sabiedriba ELKO Grupa has issued 20 million EUR five years, non-secured bonds with coupon rate 6 p.a. payable semiannually. Bonds were listed on the Nasdaq First North in second quarter of 2021. On 23 December 2025, Akciju Sabiedriba ELKO Grupa carried out a partial restructuring of its bonds by exchanging previously issued bonds for new bonds with a total nominal value of EUR 11.423 million. At the same time, Akciju Sabiedriba ELKO Grupa issued additional bonds with a nominal value of EUR 8.577 million. Both issuances bear a fixed coupon rate of 7.25% per annum and mature on 20 December 2029.

*** Loan issued as an offset of dividends.

22 Interest-bearing loans and borrowings (continued)

The carrying amounts of the Group’s borrowings are denominated in the following currencies:

	31.12.2025.	31.12.2024.	31.12.2025.	31.12.2024.
	USD `000	USD `000	EUR `000	EUR `000
USD	45,120	57,844	38,400	55,679
EUR	80,793	37,303	68,760	35,906
RON	13,579	17,679	11,557	17,017
SEK	14,836	1,146	12,626	1,103
	154,328	113,972	131,343	109,705

Borrowings are secured by property, plant and equipment, intangible assets, trade receivables and inventory (Notes 14.1, 15.1, 17 and 18). The fair value of current borrowings approximates their carrying amount, as they bear floating interest rates and the impact of discounting is not significant. The average effective interest rate on the bank borrowings as at 31 December 2025 was 7.26% (31.12.2024: 6.65%). Fair values are disclosed in Note 26.

As at December 31, 2025 the Group had following undrawn available financing facilities:

	USD`000	EUR`000
Luminor Bank	15,532	13,219
OP Corporate Bank plc	3,699	3,148
Banca Transilvania (Romania)	6,729	5,726
UniCredit Bank (Romania)	452	385
Danske Bank (Sweden)	20,883	17,773
Československá obchodní banka, a.s.	17,625	15,000
Peridot Financing Solutions Netherlands B.V	6,405	5,451
Citadele Faktoring SIA	10,074	8,573
RIB Factoring	852	725
Citadele Banka	5,288	4,500
	87,539	74,500

23 Trade and other payables

	31.12.2025.	31.12.2024.	31.12.2025.	31.12.2024.
	USD `000	USD `000	EUR `000	EUR `000
Trade payables	116,889	74,636	99,481	71,841
Advances received*	8,117	7,254	6,908	6,983
Social security and other taxes	12,251	8,155	10,426	7,850
Unpaid salaries	4,836	3,490	4,115	3,360
Accrued expenses**	4,130	6,256	3,515	6,021
Other***	640	11,050	544	10,637
	146,863	110,841	124,989	106,692

23 Trade and other payables (continued)

*As at 31.12.2025 advance received from customers, defined by the Group as contract liabilities were USD 8,117 thousand (EUR 6,908 thousand); (31.12.2024: USD 7,254 thousand (EUR 6,983 thousand)).

**As at 31.12.2025 accrued % for shareholder's loan 703 thousand USD (599 thousand EUR)

*** The balance under other payables includes amounts related to accumulated Marketing Development Funds (MDF) from suppliers. The decrease compared to the prior year is mainly due to the utilisation of previously accrued amounts, as the Group executed marketing and promotional activities and settled related obligations during the year. As a result, the outstanding MDF balance at year-end has significantly decreased.

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and normally have 30 to 90 day terms;
- Other payables are non-interested bearing and have an average term of 30 days;
- Interest payable is normally settled monthly throughout the financial year;
- For terms and conditions relating to related parties, refer to Note 27.

24 Changes in liabilities arising from financial activities

	1 January 2025 USD'000	Cash flows USD'000	Foreign exchange movement USD'000	Changes in fair values USD'000	New leases USD'000	31 December 2025 USD'000
Non-current interest-bearing loans and borrowings	34,784	(3,584)	2,723	-	10,198	44,121
Current interest-bearing loans and borrowings	79,188	18,022	10,359	-	2,638	110,207
Derivative financial instruments	-	-	-	105	-	105
Total	113,972	14,438	13,082	105	12,836	154,433

	1 January 2025 EUR'000	Cash flows EUR'000	Foreign exchange movement EUR'000	Changes in fair values EUR'000	New leases EUR'000	31 December 2025 EUR'000
Non-current interest-bearing loans and borrowings	33,481	(7,231)	2,621	-	8,679	37,550
Current interest-bearing loans and borrowings	76,224	5,353	9,971	-	2,245	93,793
Derivative financial instruments	-	-	-	90	-	90
Total	109,705	(1,878)	12,592	90	10,924	131,433

25 Derivative financial assets and financial liabilities

25.1 Financial assets

	2025 USD '000	2024 USD '000	2025 EUR '000	2024 EUR '000
Financial instruments at fair value through profit or loss				
Derivatives not designated as hedges	49	221	42	213
- Foreign exchange forward contracts				
Total instruments at fair value through profit or loss	49	221	42	213
Total financial assets	49	221	42	213

25.2 Financial liabilities

	2025 USD '000	2024 USD '000	2025 EUR '000	2024 EUR '000
Financial instruments at fair value through profit or loss				
- Foreign exchange forward contracts	(105)	-	(90)	-
Total instruments at fair value through profit or loss	(105)	-	(90)	-
Total financial liabilities	(105)	-	(90)	-

In 2025 Group entered into foreign exchange derivative contracts for sale of EUR 367,9 million and buying of 387,8 million (selling EUR 408,5 million and buying EUR 379,3 million in 2024) with a weighted average term of 9 days; sale of PLN 254,6 million and buying of 107,7 million (selling PLN 199,4 million and buying PLN 75,6 million in 2024) against USD with a weighted average term of 35 days; sale of RON 317,2 million and buying of 243,7 million (selling RON 108,1 million and buying RON 65,3 million in 2024) against USD with a weighted average term of 11 days; sale of EUR 15 million (no sales or purchases in 2024) and sale of USD 4 million (no sales or purchases in 2024) against SEK with a weighted average term of 14 days. Foreign exchange forward contracts are valued at the fair value which is calculated at market rates.

2024 and 2025 derivatives were used as risk management tools to mitigate the impact of currency fluctuations on sales prices and the open currency positions.

26 Fair value measurement

Fair value measurement hierarchy as at 31 December 2025

	Date of valuation	Total		Fair value measurement using						
				Quoted prices in active markets (Level 1)		Significant observable inputs (Level 2)		Significant unobservable inputs (Level 3)		
				USD '000	EUR '000	USD '000	EUR '000	USD '000	EUR '000	USD '000
Financial liabilities for which fair values are disclosed:										
Assets measured at fair value:										
Financial instruments (Note 24)	31 December 2025	49	42	-	-	-	-	49	42	
Liabilities measured at fair value:										
Derivative financial instruments (Note 24 and 25)	31 December 2025	105	90	-	-	105	90	-	-	
Liabilities for which fair value is disclosed:										
Bonds (Note 22)	31 December 2025	33,578	28,577	-	-	33,578	28,577	-	-	
Lease liabilities (Note 15.2, 22)	31 December 2025	25,934	22,071	-	-	25,934	22,071	-	-	
Bank loans and credit line (Note 22)	31 December 2025	94,816	80,695	-	-	94,767	80,653	49	42	

There is no transfer between L1 and L2 during 2025.

Fair value measurement hierarchy as at 31 December 2024

	Date of valuation	Total		Fair value measurement using						
				Quoted prices in active markets (Level 1)		Significant observable inputs (Level 2)		Significant unobservable inputs (Level 3)		
				USD '000	EUR '000	USD '000	EUR '000	USD '000	EUR '000	USD '000
Financial liabilities for which fair values are disclosed:										
Assets measured at fair value:										
Financial instruments (Note 24)	31 December 2024	221	213	-	-	-	-	221	213	
Liabilities measured at fair value:										
Derivative financial instruments (Note 25)	31 December 2024	-	-	-	-	-	-	-	-	
Liabilities for which fair value is disclosed:										
Bonds (Note 22)	31 December 2024	20,778	20,000	-	-	20,778	20,000	-	-	
Lease liabilities (Note 15.2, 22)	31 December 2024	15,595	15,011	-	-	15,595	15,011	-	-	
Bank loans and credit line (Note 22)	31 December 2024	93,194	89,705	-	-	93,194	89,705	-	-	

There is no transfer between L1 and L2 during 2024.

27 Related party disclosures

There are no ultimate controlling parties of the Group. The shareholders of the Group are as follows:

	% of Share Capital			
	31.12.2025.	31.12.2024.	31.12.2025.	31.12.2024.
<i>Shareholders ordinary shares</i>				
Ashington Business Inc. Ltd, domiciled in the United Kingdom	23.74	23.74	23.74	23.74
Solsbury Inventions Ltd, domiciled in the United Kingdom	23.66	23.66	23.66	23.66
Eurotrail SIA, domiciled in Latvia	13.16	13.16	13.16	13.16
Whitebarn SIA, domiciled in Latvia	13.16	13.16	13.16	13.16
KRM Serviss, SIA, domiciled in Latvia	12.87	12.87	12.87	12.87
Solo investīcijas IT, SIA, domiciled in Latvia	12.24	12.24	12.24	12.24
<i>Personal non voting shares</i>				
Svens Dinsdorfs (77,326 employee shares)	0.78	0.78	0.78	0.78
Mārtiņš Ozoliņš (12,888 employee shares)	0.13	0.13	0.13	0.13
Vadims Rabša (25,776 employee shares)	0.26	0.26	0.26	0.26

On January 2020 B category shares were converted to A category shares.

27.1 Key management compensation

The members of the Council and member of the Board of Directors were entitled to a remuneration of USD 330 thousand or EUR 292 thousand (2024: USD 320 thousand or EUR 295 thousand).

	2025	2024	2025	2024
	USD '000	USD '000	EUR '000	EUR '000
The Board members' remuneration:				
- salary expenses	267	258	236	238
- social insurance	63	62	56	57
	330	320	292	295

27.2 Transactions with related parties

There were no sales to related parties in any of the years presented. There were no guarantees issued to related parties at any statement of financial position date presented.

As of 31 December 2025 there is outstanding loan received from shareholders in amount of USD 3,518 thousand (EUR 2,994 thousand) (see note 22).

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 year-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.

28 Commitments and contingencies

All assets of the Group except as noted in Note 17 Inventories have been pledged as security in favour of the banks.

29 Events after the reporting period

Financing

At the end of 2025, the Group successfully finalized new bond issuance program in amount of 20 million euro. The raised resources were used to refinance previous bond program with maturity in February 2026.

Existing financing provided by syndicate of banks matures on 31 July 2026. Negotiations on prolongation of the financing have started. Based on the negotiations with the banks, the management of the Group is convinced that the necessary financing will be extended.

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.

Market conditions

Conflict in the Asian region may affect energy and logistics costs, as well as disrupt supply chains and impact demand for IT products in Eastern Europe, given rising prices, currency fluctuations and geopolitical uncertainty.

The management of the Group closely monitors developments and assesses their potential impact to ensure timely adjustments to working capital management and to mitigate potential risks related to supply chains and changes in demand in target markets.

Otherwise, there have been no subsequent events after the last date of the reporting period that would have a significant effect on the Group's financial position as of 31 December 2025.

Svens Dinsdorfs, Member of
Board, on behalf of Egons Mednis
Chairman of the Board,
President

Olga Ivanova
Chief accountant

17 April, 2026

INDEPENDENT AUDITORS' REPORT

To the Shareholders of ELKO GRUPA AS

Opinion

We have audited the accompanying consolidated financial statements of ELKO GRUPA AS and its subsidiaries (the Group) set out on pages 9 to 66 of the accompanying consolidated annual report, which comprise the consolidated statement of financial position as at 31 December 2025 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information all expressed in US dollars.

In our opinion, the accompanying consolidated financial statements expressed in US dollars give a true and fair view of the financial position of the Group as at 31 December 2025 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Accounting Standards as adopted by the European Union. In our opinion, the financial statements expressed in euro have been properly translated on the basis described in Note 2.2 *Foreign currency translation*.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We have also reviewed the translation of these statements into euro on the basis described in Note 2.2 *Foreign currency translation*. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the independence requirements included in the Law on Audit Services of Republic of Latvia that are relevant to our audit of the consolidated financial statements in the Republic of Latvia. We have fulfilled our other ethical responsibilities in accordance with the Law on Audit Services of Republic of Latvia and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Reporting on other information

Management is responsible for the other information. The other information comprises:

- the General information about the Group as set out on page 3 of the accompanying consolidated annual report;
- the Management Report as set out on pages 4 to 7 of the accompanying consolidated annual report;
- the Statement on Management Responsibility, as set out on page 8 of the accompanying annual report.

Other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as described in the *Other reporting responsibilities in accordance with the legislation of the Republic of Latvia* section of our report.

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

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

Other reporting responsibilities in accordance with the legislation of the Republic of Latvia

We have other reporting responsibilities in accordance with the Law on Audit Services of the Republic of Latvia with respect to the Management Report. These additional reporting responsibilities are beyond those required under the ISAs.

Our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of the Law on the Annual Reports and Consolidated Annual Reports of the Republic of Latvia.

Based solely on the work undertaken in the course of our audit, in our opinion:

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



Shape the future
with confidence

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

ERNST & YOUNG BALTIC SIA
Licence No. 17

A handwritten signature in blue ink, appearing to read 'Iveta Vimba', is written over a faint, light blue grid background.

Iveta Vimba
Member of the Board
Latvian Certified Auditor
Certificate No. 153

Riga, 17 April 2026