



Akciju Sabiedrība ELKO GRUPA

Unaudited Consolidated Financial Statements
For 9 months ended 30 September 2025

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Akciju Sabiedrība ELKO Grupa Management report on operational consolidated financial statements for 9 months period ended 30 September 2025

Company profile

Akciju Sabiedrība ELKO Grupa and its subsidiaries (hereinafter – the Company or ELKO), is one of the region's largest distributors and wholesalers of IT and consumer electronics products and solutions with more than 30 years of experience. ELKO represents 350 IT manufacturers and provides a wide range of products and distribution services to more than 12,000 retailers, local computer manufacturers, system integrators, and enterprises across various sectors in 13 countries in Central and Eastern Europe and the Nordics.

Top product groups by turnover: mobile communication (smartphones and tablets); personal computing (notebooks and PCs); components; home and office electronics and peripherals; small domestic appliances; mobility, hobby and leisure products; solutions and value-added services; software; power solutions.

Top 20 manufacturers by turnover in 2024: Apple, Roborock, DJI, Samsung, Asus, Lenovo, Xiaomi, Dell Technologies, Dreame, MSI, Oppo, Western Digital, Seagate, Acer, Gigabyte, LG, Hewlett-Packard Enterprise (HPE), Intel, HP, TP-Link.

Currently, ELKO employs more than 1080 people and is headquartered in Riga, Latvia.

Financial analysis

Akciju Sabiedrība ELKO Grupa consolidated turnover during the 9 months of 2025 reached USD 867.7m (EUR 775.7m), a 12.32% increase over the corresponding period in 2024. The key factors for growth remain in play: exceptional growth of selected SDA & mobility vendors, strong recovery of notebook and computing component segments driven by Windows upgrade and AI. Gross profit for 9 months of 2025 reached USD 68.6m (EUR 61.4m), an increase of 18.9%, 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 4.4m (EUR 3.9m). Given that majority of operational expenses are denominated in local currencies, net profit has been influenced by devaluation of USD in Q3. The Company continues to maintain strong cost control to ensure operational expenses are aligned with business development.

Our markets continued to grow strongly in Q3, with Nordics and Baltics delivering solid double digit growth rates but other geographies also maintaining momentum. Telecommunications segment was challenged in Q3 due to specific market conditions, impacting CEE and Nordic regions. Exceptional go to market strategy execution by selected SDA vendors allowed to significantly boost segment topline at the same time pushing working capital consumption as the supply cycle remains lengthy. While personal computing seemed to stabilise in Q3 the computing component business demonstrated very strong growth rates across all major product categories and all geographies, with graphic cards leading the segment. Romania and Baltic markets saw solid recovery in solution segments reflecting improving sentiment across public institutions and corporate segment.

Prospects

The Company's performance is and will be influenced by macroeconomic, competitive and political factors and the development of markets where the Company operates. The key factors driving the Company's growth in the future are a strong vendor pipeline, clear strategy for growth of current top vendors and increasing investment in brand acceleration services. Operational data from Q4 suggests that the growth trend from Q3 is being continued and in addition there is a notable increase in project business. It means overall positive sentiment for Q4, however given occasional divergence between vendor expectations and consumer sentiment, cautious management of working capital remains among the top priorities for the management team of ELKO.

Akciju Sabiedrība ELKO Grupa is preparing to issue new bonds in the amount of up to EUR 30 million subject to market conditions and investor interest. The planned bond issue is intended to refinance the company's existing 6% EUR 20 million bonds due in 2026 and provide additional financing for future growth and development initiatives. The new bonds are expected to be issued as a private placement with EUR 100,000 minimum investment.

The Company has mandated Signet Bank AS as the arranger and lead manager of the contemplated bond issue.

Company's current 6% EUR 20million 5-year bonds were issued in 2021 and resulted in oversubscription by more than 2.5 times with orders from more than 80 Baltic and international investors.

This announcement does not constitute an offer or invitation to any person to subscribe for or purchase the bonds.

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., 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, ELKO Nordics Shared Services AB, EDN Webshop AB and Renewed AB (from 05.03.2025).

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

Management report (cont'd)**Financial risk management*****Multi-currency risk***

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

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

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

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

Interest-rate risk

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

Credit risk

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

Inventories

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

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

Liquidity risk

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

Events after the balance sheet date

In October, 2025, Akciju Sabiedrība ELKO Grupa received the return of the advance payment related to the reversed acquisition of Deltaco Baltic UAB. Starting from 1st November 2025, subsidiary ARAŠID spol. s r.o. ceased to exist, as it has been merged in Westech spol.s.r.o. Otherwise, there have been no subsequent events after the last date of the reporting period that would significantly affect the Company's financial position as of 30 September 2025.



Egons Mednis
Chairman of the Board

Statement of Directors' responsibility

The Board of Akciju Sabiedrība ELKO Grupa confirms that based on the information available at the time of the preparation of the financial statements, the consolidated interim financial statements give a true and fair view in all material aspects of the financial position of the Company as of September 30, 2025, and of its financial operations for the period ended 30 September 2025. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. During the preparation of the financial statements the management has:

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

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

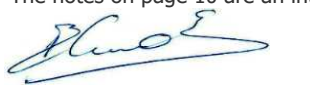


Egons Mednis
Chairman of the Board

Consolidated income statement

	Note	Jan-Sept 2025 USD'000	Jan-Sept 2024 USD'000	Jan-Sept 2025 EUR'000	Jan-Sept 2024 EUR'000
Revenue		867,652	772,511	775,660	710,625
Cost of sales		(799,017)	(714,799)	(714,302)	(657,537)
Gross profit		68,635	57,712	61,358	53,088
Distribution expenses		(6,017)	(5,054)	(5,379)	(4,649)
Administrative expenses		(48,211)	(42,852)	(43,099)	(39,418)
Other income		2,009	2,143	1,795	1,971
Other expenses		(4,659)	(569)	(4,166)	(523)
Operating profit		11,757	11,380	10,509	10,469
Finance income		543	814	486	748
Finance expenses		(7,494)	(6,390)	(6,699)	(5,878)
Finance income/ (expenses) – net		(6,951)	(5,576)	(6,213)	(5,130)
Profit before income tax		4,806	5,804	4,296	5,339
Income tax expense	4	(445)	(1,827)	(398)	(1,681)
Profit for the period		4,361	3,977	3,898	3,658
Attributable to:					
Equity holders of the Company		4,662	3,683	4,167	3,388
Non-controlling interest		(301)	294	(269)	270
		4,361	3,977	3,898	3,658
Earnings per share (basic and diluted) for profit attributable to the equity holders of the Company during the year (expressed in USD and EUR per share)	5	0.47	0.37	0.42	0.34
Other comprehensive income to be reclassified to profit loss in subsequent periods					
Exchange differences on translation of foreign operations		2,922	1,273	(11,889)	(242)
Total comprehensive income to be reclassified to profit loss in subsequent periods for the year		7,283	5,250	(7,991)	3,416
Attributable to:					
Equity holders of the Company		4,847	4,712	(8,104)	3,151
Non-controlling interest		2,436	538	113	265
		7,283	5,250	(7,991)	3,416

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



Egons Mednis
Chairman of the Board

Consolidated balance sheet

	Note	30.09.2025 USD'000	31.12.2024 USD'000	30.09.2025 EUR'000	31.12.2024 EUR'000
ASSETS					
Non-current assets					
Property, plant and equipment		8,419	6,460	7,171	6,218
Intangible assets		1,053	1,285	897	1,237
Right-of-use assets		17,050	15,642	14,521	15,056
Goodwill on acquisition of subsidiary		4,024	1,947	3,427	1,874
Investments in associates		4,766	3,862	4,059	3,718
Long term loans		41	536	35	516
		35,353	29,732	30,110	28,619
Current assets					
Inventories		229,918	128,982	195,825	124,153
Current income tax receivable		2,727	364	2,322	350
Short term loans		5,074	1,314	4,322	1,265
Other current financial investments		3,547	3,156	3,026	3,038
Trade and other receivables		188,556	169,864	160,598	163,504
Derivative financial instruments		38	221	32	213
Cash and cash equivalents		12,199	26,332	10,385	25,346
		442,059	330,233	376,510	317,869
Total assets		477,412	359,965	406,620	346,488
EQUITY					
Ordinary shares		11,251	11,251	9,901	9,901
Share premium		5,996	5,996	4,974	4,974
Translation reserve		(16,578)	(16,763)	(4,661)	7,610
Retained earnings		107,589	112,336	81,992	86,111
		108,258	112,820	92,206	108,596
Non-controlling interest in equity		23,336	16,960	19,876	16,325
Total equity	2	131,594	129,780	112,082	124,921
LIABILITIES					
Non-current liabilities					
Interest-bearing loans and borrowings	2	20,790	20,790	1	20,011
Interest-bearing loans from related		7,798	2,507	6,652	2,413
Lease liabilities		11,487	11,487	11,057	11,057
	3	19,287	34,784	17,710	33,481
Current liabilities					
Trade and other payables		183,965	110,841	156,686	106,692
Interest-bearing loans and borrowings	3	131,868	75,080	110,576	72,270
Lease liabilities	3	4,108	4,108	3,954	3,954
Income tax payable		1,385	982	1,179	945
Provisions		5,205	4,390	4,433	4,225
		326,531	195,401	276,828	188,086
Total liabilities		345,818	230,185	294,538	221,567
Total equity and liabilities		477,412	359,965	406,620	346,488

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



Egons Mednis
Chairman of the Board

Consolidated statement of changes in equity

	Issued capital	Share premium	Retained earnings	Transla-tion reserve	Total	Non-controlling interest	Total equity
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Balance at 1 January 2024	11,251	5,996	110,621	(10,301)	117,567	20,678	138,245
Effect of adoption of new accounting standards	-	-	-	-	-	-	-
Balance at 1 January 2024 (restated)	11,251	5,996	110,621	(10,301)	117,567	20,678	138,245
Other comprehensive income	-	-	-	(6,462)	(6,462)	(2,213)	(8,675)
Profit for the period	-	-	11,892	-	11,892	2,231	14,123
Total recognized income and expense for 2024	11,251	5,996	122,513	(16,763)	122,997	20,696	143,693
Dividend relating to prior years	-	-	(10,177)	-	(10,177)	(3,736)	(13,913)
Balance at 31 December 2024	11,251	5,996	112,336	(16,763)	112,820	16,960	129,780
Balance at 1 January 2025	11,251	5,996	112,336	(16,763)	112,820	16,960	129,780
Other comprehensive income	-	-	-	185	185	2,737	2,922
Profit for the period	-	-	4,662	-	4,662	(301)	4,361
Total recognized income and expense for 2025	-	-	4,662	185	4,847	2,436	7,283
Dividend relating to prior years	-	-	(9,409)	-	(9,409)	(509)	(9,918)
Acquisition of a subsidiary	-	-	-	-	-	391	391
Disposal of subsidiary	-	-	-	-	-	4,058	4,058
Balance at 30 September 2025	11,251	5,996	107,589	(16,578)	108,258	23,336	131,594

	Share capital	Share premium	Retained earnings	Transla-tion reserve	Total	Non-controlling interest	Total equity
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Balance at 1 January 2024	9,901	4,974	84,543	6,978	106,396	18,713	125,109
Effect of adoption of new accounting standards	-	-	-	-	-	-	-
Balance at 1 January 2024 (restated)	9,901	4,974	84,543	6,978	106,396	18,713	125,109
Other comprehensive income	-	-	-	632	632	(939)	(307)
Profit for the period	-	-	10,989	-	10,989	2,062	13,051
Total recognized income and expense for 2024	-	-	10,989	632	11,621	1,123	12,744
Dividend relating to prior years	-	-	(9,421)	-	(9,421)	(3,511)	(12,932)
Balance at 31 December 2024	9,901	4,974	86,111	7,610	108,596	16,325	124,921
Balance at 1 January 2025	9,901	4,974	86,111	7,610	108,596	16,325	124,921
Other comprehensive income	-	-	-	(12,271)	(12,271)	382	(11,889)
Profit for the period	-	-	4,167	-	4,167	(269)	3,898
Total recognized income and expense for 2025	-	-	4,167	(12,271)	(8,104)	113	(7,991)
Dividend relating to prior years	-	-	(8,286)	-	(8,286)	(490)	(8,776)
Acquisition of a subsidiary	-	-	-	-	-	361	361
Disposal of subsidiary	-	-	-	-	-	3,567	3,567
Balance at 30 September 2025	9,901	4,974	81,992	(4,661)	92,206	19,876	112,082

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

Consolidated cash flows statement

	Jan-Sept 2025	Jan-Sept 2024	Jan-Sept 2025	Jan-Sept 2024
	USD'000	USD'000	EUR'000	EUR'000
Cash flows from operating activities				
Profit before tax	4,806	5,804	4,296	5,339
Adjustment to reconcile profit before tax to net cash flows				
Depreciation and amortization	2,293	2,156	2,050	1,984
Loss on disposal of property, plant and equipment	(182)	215	(163)	198
Interest income	(543)	(814)	(486)	(748)
Interest expenses	7,494	6,390	6,699	5,878
Fair value (gain)/losses on derivative financial instruments, net	(183)	(55)	(181)	(51)
Movements in provisions and allowances	916	(73)	299	(114)
Share of net profit of associate and a joint venture	(389)	(353)	(348)	(324)
Loss/(Gain) on disposal of subsidiary	-	(1)	-	(1)
Working capital adjustments:				
Decrease/(Increase) in trade and other receivables	(19,711)	11,973	1,966	12,682
Decrease/(Increase) in inventories	(101,870)	(46,219)	(72,536)	(39,769)
(Decrease)/ Increase in trade and other payables	77,446	14,460	43,815	10,743
Interest received	543	814	486	748
Interest paid	(7,494)	(6,390)	(6,699)	(5,878)
Income tax paid	(3,578)	(3,272)	(3,309)	(3,017)
Increase in other current financial investments	391	42	333	38
Net cash flows used in operating activities	(40,061)	(15,322)	(23,778)	(12,293)
Cash flows from investing activities				
Proceeds (loss) from sale of property, plant and equipment	(182)	(215)	(163)	(198)
Purchases of property, plant and equipment and intangible assets	(3,668)	(2,846)	(3,279)	(2,618)
Acquisition of a subsidiary, net of cash acquired	(4,860)	(5)	(4,600)	(4)
Net cash flows from / (used in) investing activities	(8,710)	(3,066)	(8,042)	(2,820)
Cash flows from financing activities				
Proceeds from bank overdrafts, net	38,132	11,431	19,908	8,701
Dividends paid to equity holders of the parent	(2,984)	(4,579)	(2,559)	(4,181)
Dividends paid to the Minority shareholders	(509)	(2,712)	(490)	(2,450)
Net cash flows (used in) / from financing activities	34,639	4,140	16,859	2,070
Net decrease in cash and cash equivalents	(14,133)	(14,248)	(14,961)	(13,043)
Cash and cash equivalents at beginning of the year	26,332	26,073	25,346	23,595
Exchange gains / (losses) on cash	-	-	-	-
Cash and cash equivalents at end of the period	12,199	11,825	10,385	10,552

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

Notes to the consolidated financial statements

1. General principles

These interim consolidated financial statements for 9 months ended 30 September 2025 have been prepared in accordance with International Financial Reporting Standards (IFRS). The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2024.

2. Share capital

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

3. Borrowings

	30.09.2025 USD'000	31.12.2024 USD'000	30.09.2025 EUR'000	31.12.2024 EUR'000
Non-current				
Bonds	0	20,778	0	20,000
Borrowings from shareholders	7,798	2,507	6,652	2,413
Lease liabilities IFRS16	11,487	11,487	11,057	11,057
Finance lease liabilities	2	12	1	11
	19,287	34,784	17,710	33,481
Current				
Bank borrowings and bonds*	131,848	74,564	110,559	71,773
Lease liabilities IFRS16	4,108	4,108	3,954	3,954
Finance lease liabilities	20	516	17	497
	135,976	79,188	114,530	76,224
Total borrowings	155,263	113,972	132,240	109,705

*Financial covenants set by bond program i) Consolidated ratio of Equity (Total Equity increased by outstanding subordinated loans) to Assets (Total Assets decreased by IFRS 16 influence) is 30.2%. Minimal requirement is 16%. Covenant is fulfilled. ii) Consolidated Interest Coverage Ratio (Earnings before interest payments and taxes (EBIT) to Interest expenses) is 2.54 times. Minimal requirement is 1.5 times. Covenant is fulfilled.

4. Taxes

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average tax rate for 9 months ended 30 September 2025 is 9.3 % (the estimated tax rate for 9 months ended 30 September 2024 was 31.5%). The difference is mainly due to differences in profitability in the Group's subsidiaries in the respective countries, as well as the Group's policy on recognizing deferred tax assets.

5. Earnings per share

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

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. There were no treasury shares.

	Jan-Sept 2025 USD'000	Jan-Sept2024 USD'000	Jan-Sept 2025 EUR'000	Jan-Sept2024 EUR'000
Profit attributable to equity holders of the Company	4,662	3,683	4,167	3,388
Weighted average number of ordinary shares/employee in issue (thousands)	9,901	9,901	9,901	9,901
Basic earnings (USD and EUR per share)	0.47	0.37	0.42	0.34

6. Related party transactions

Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the period-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the quarter ended 30 September 2025, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

7. Subsequent events

In October, 2025, Akciju Sabiedrība ELKO Grupa received the return of the advance payment related to the reversed acquisition of Deltaco Baltic UAB. Starting from 1st November 2025, subsidiary ARAŠID spol. s r.o. ceased to exist, as it has been merged in Westech spol.s.r.o. Otherwise, there have been no subsequent events after the last date of the reporting period that would significantly affect the Company's financial position as of 30 September 2025.