Akciju Sabiedrība ELKO GRUPA

Unaudited Consolidated Financial Statements
For 6 months ended 30 June 2026

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Akciju Sabiedrība ELKO Grupa Management report on operational consolidated financial statements for 6 months period ended 30 June 2026

Company profile

Akciju Sabiedrība ELKO Grupa and its subsidiaries (hereinafter – the Company or ELKO), is one of the region's largest distributors and wholesalers of IT and consumer electronics products and solutions with more than 30 years of experience. ELKO represents 400 IT manufacturers and provides a wide range of products and distribution services to more than 10,000 retailers, e-tailers, resellers, local computer manufacturers and system integrators across various sectors in 14 countries in Europe.

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

Top 10 manufacturers by turnover in first half of 2026: Dreame, Apple, Lenovo, Samsung, DJI, ASUS, Roborock, Dell, MSI, Xiaomi.

Currently, ELKO employs more than 1000 people and is headquartered in Riga, Latvia.

Financial analysis

Akciju Sabiedrība ELKO Grupa consolidated turnover during the 6 months of 2026 reached USD 631.2m (EUR 541.2m), a 13.21% increase over the corresponding period in 2025. The fastest growing product segment remains small domestic appliances - partnership with ambitious and fast evolving vendors in combination with ELKO brand acceleration capabilities has been the main topline driver, with selected vendors more than doubling their business in first half of 2026 compared to same period in 2025. It is closely followed by mobility and PC component segments, which continued to delivered stronger performance in the first half of 2026. PC computing business regained momentum in Q2 breaking the typical seasonality, on the back of relatively weaker Q1. Gross profit for 6 months of 2026 reached USD 61.7m (EUR 52.9m), an increase of 35.66%, which both capitalises on the medium- term market environment in component business, but also reflects continued shift towards higher margin small domestic appliance business in the portfolio. The Company's net profit reached USD 6.5m (EUR 5.6m). Given that majority of operational expenses are denominated in local currencies, net profit has been negatively influenced by devaluation of USD during the period. The Company continues to maintain strong cost control to ensure operational expenses are aligned with business development.

All geographies continued solid growth in Q2 2026, with several CEE markets being exceptionally strong. Trends started in Q1 continued their effects in Q2. High growth of SDA segment leaders continued pressure on working capital, as the tempo remains high. Computing component segment stabilized its share of net working capital consumed while continuing to capitalize on current pricing dynamics, which contributed to significant boost of margin. Personal computing remained stable, while vendors continued to adapt their strategies in light of specific market conditions across our geographies.

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 remains a strong vendor pipeline, clear ambition and strategy for growth of current top vendors and increasing investment in brand acceleration as well as other go-to-market services. Operational data from Q3 suggests that the growth trend from Q2 is being continued. Cautious management of working capital remains among the top priorities for the management team of ELKO.

Akciju Sabiedrība ELKO Grupa structure

Akciju Sabiedrība ELKO Grupa holds shareholdings in the following subsidiaries: ELKO Lietuva UAB, ELKOTEX d.o.o., ELKO Eesti OU, ELKO Polska Sp.z.o.o., ELKOTech Romania SRL, WESTech spol. s.r.o., WESTech CZ s.r.o., WESTech Distribution CZ s.r.o., WESTech solutions s.r.o., ELKO Trading Switzerland A.G., Gandalf Distribution AB, Logicworks s.r.o., Westech HU Kft. (previous name: Game Distribution Kft.), SWISS spol. s.r.o., SWISS CZ s.r.o., Internet Patro CZ s.r.o., ELKO Nordics Shared Services AB, EDN Webshop AB, Renewed AB, and Bat.Power OY (from 02.01.2026).

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

Management report (cont'd)

Financial risk management

Multi-currency risk

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

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

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

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

Interest-rate risk

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

Credit risk

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

Inventories

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

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

Liquidity risk

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

Events after the balance sheet date

There have been no subsequent events after the last date of the reporting period that would significantly affect the Company's financial position as of 30 June 2026.

Egons Mednis
Chairman of the Board

Statement of Directors' responsibility

The Board of Akciju Sabiedrība ELKO Grupa confirms that based on the information available at the time of the preparation of the financial statements, the consolidated interim financial statements give a true and fair view in all material aspects of the financial position of the Company as of June 30, 2026, and of its financial operations for the period ended 30 June 2026. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. During the preparation of the financial statements the management has:

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

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

Egons Mednis
Chairman of the Board

Consolidated income statement

	Note	Jan-Jun 2026 USD'000	Jan-Jun 2025 USD'000	Jan-Jun 2026 EUR'000	Jan-Jun 2025 EUR'000
Revenue		631,199	557,527	541,203	509,779
Cost of sales		(569,497)	(512,045)	(488,298)	(468,193)
Gross profit		**61,702**	**45,482**	**52,905**	**41,586**
Distribution expenses		(6,663)	(3,982)	(5,713)	(3,641)
Administrative expenses		(41,498)	(31,368)	(35,582)	(28,682)
Other income		2,941	1,137	2,522	1,040
Other expenses		(2,697)	(3,512)	(2,312)	(3,211)
Operating profit		**13,785**	**7,757**	**11,820**	**7,092**
Finance income		381	319	327	292
Finance expenses		(5,613)	(4,040)	(4,813)	(3,694)
Finance income/ (expenses) – net		**(5,232)**	**(3,721)**	**(4,486)**	**(3,402)**
Profit before income tax		**8,553**	**4,036**	**7,334**	**3,690**
Income tax expense	4	(2,008)	(430)	(1,722)	(393)
Profit for the period		**6,545**	**3,606**	**5,612**	**3,297**
Attributable to:					
Equity holders of the Company		6,103	3,485	5,233	3,186
Non-controlling interest		442	121	379	111
		6,545	**3,606**	**5,612**	**3,297**
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	**0.62**	**0.35**	**0.53**	**0.32**
Other comprehensive income to be reclassified to profit loss in subsequent periods					
Exchange differences on translation of foreign operations		(4,002)	4,370	378	(10,497)
Total comprehensive income to be reclassified to profit loss in subsequent periods for the year		**2,543**	**7,976**	**5,990**	**(7,200)**
Attributable to:					
Equity holders of the Company		2,846	5,142	5,594	(7,688)
Non-controlling interest		(303)	2,834	396	488
		2,543	**7,976**	**5,990**	**(7,200)**

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

Egons Mednis
Chairman of the Board

Consolidated balance sheet

ASSETS	Note	30.06.2026 USD'000	31.12.2025 USD'000	30.06.2026 EUR'000	31.12.2025 EUR'000
Non-current assets					
Property, plant and equipment		10,921	9,288	9,584	7,904
Intangible assets		952	1,081	836	920
Right-of-use assets		24,165	24,483	21,209	20,837
Goodwill on acquisition of subsidiary		4,524	4,097	3,970	3,487
Investments in associates		6,267	5,411	5,500	4,605
Long term loans		253	460	222	392
		47,082	**44,820**	**41,321**	**38,145**
Current assets					
Inventories		232,548	169,656	204,097	144,388
Current income tax receivable		1,654	1,086	1,452	924
Short term loans		1,788	1,841	1,569	1,567
Other current financial investments		3,568	3,588	3,128	3,054
Trade and other receivables		191,629	201,555	168,184	171,536
Derivative financial instruments		85	49	75	42
Cash and cash equivalents		20,708	29,003	18,178	24,683
		451,980	**406,778**	**396,683**	**346,194**
Total assets		**499,062**	**451,598**	**438,004**	**384,339**

EQUITY					
Capital and reserves attributable to equity holders of the Company					
Ordinary shares		11,251	11,251	9,901	9,901
Share premium		5,996	5,996	4,974	4,974
Translation reserve		(13,069)	(9,812)	1,146	785
Retained earnings		112,453	115,910	86,341	89,314
		116,631	**123,345**	**102,362**	**104,974**
Non-controlling interest in equity		**23,596**	**25,202**	**20,709**	**21,449**
Total equity	2	**140,227**	**148,547**	**123,071**	**126,423**
LIABILITIES					
Non-current liabilities					
Interest-bearing loans and borrowings		22,801	23,516	20,011	20,014
Lease liabilities		20,605	20,605	17,536	17,536
	3	**43,406**	**44,121**	**37,547**	**37,550**
Current liabilities					
Trade and other payables		180,021	146,863	157,996	124,989
Interest-bearing loans and borrowings	3	124,647	101,360	110,091	86,264
Interest-bearing loans from related	3	3,518	3,518	3,084	2,994
Lease liabilities	3	5,329	5,329	4,535	4,535
Income tax payable		1,872	1,687	1,643	1,436
Provisions		2	68	2	58
Derivative financial instruments		40	105	35	90
		315,429	**258,930**	**277,386**	**220,366**
Total liabilities		**358,835**	**303,051**	**314,933**	**257,916**
Total equity and liabilities		**499,062**	**451,598**	**438,004**	**384,339**

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

Egons Mednis
Chairman of the Board

Consolidated statement of changes in equity

	Issued capital	Share premium	Retained earnings	Translation reserve	Total	Non-controlling interest	Total equity
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Balance at 1 January 2025	**11,251**	**5,996**	**112,336**	**(16,763)**	**112,820**	**16,960**	**129,780**
Effect of adoption of new accounting standards	-	-	-	-	-	-	-
Balance at 1 January 2025 (restated)	**11,251**	**5,996**	**112,336**	**(16,763)**	**112,820**	**16,960**	**129,780**
Other comprehensive income	-	-	-	6,951	6,951	2,947	9,898
Profit for the period	-	-	12,983	-	12,983	1,321	14,304
Total recognized income and expense for 2025	**11,251**	**5,996**	**125,319**	**(9,812)**	**132,754**	**21,228**	**153,982**
Dividend relating to prior years	-	-	(9,409)	-	(9,409)	(509)	(9,918)
Acquisition of a subsidiary	-	-	-	-	-	425	425
Disposal of subsidiary	-	-	-	-	-	4,058	4,058
Balance at 31 December 2025	**11,251**	**5,996**	**115,910**	**(9,812)**	**123,345**	**25,202**	**148,547**
Balance at 1 January 2026	**11,251**	**5,996**	**115,910**	**(9,812)**	**123,345**	**25,202**	**148,547**
Other comprehensive income	-	-	-	(3,257)	(3,257)	(745)	(4,002)
Profit for the period	-	-	6,103	-	6,103	442	6,545
Total recognized income and expense for 2026	**-**	**-**	**6,103**	**(3,257)**	**2,846**	**(303)**	**2,543**
Dividend relating to prior years	-	-	(9,560)	-	(9,560)	(1,459)	(11,019)
Acquisition of a subsidiary	-	-	-	-	-	156	156
Balance at 30 June 2026	**11,251**	**5,996**	**112,453**	**(13,069)**	**116,631**	**23,596**	**140,227**

	Share capital	Share premium	Retained earnings	Translation reserve	Total	Non-controlling interest	Total equity
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Balance at 1 January 2025	**9,901**	**4,974**	**86,111**	**7,610**	**108,596**	**16,325**	**124,921**
Effect of adoption of new accounting standards	-	-	-	-	-	-	-
Balance at 1 January 2025 (restated)	**9,901**	**4,974**	**86,111**	**7,610**	**108,596**	**16,325**	**124,921**
Other comprehensive income	-	-	-	(6,825)	(6,825)	516	(6,309)
Profit for the period	-	-	11,489	-	11,489	1,169	12,658
Total recognized income and expense for 2025	**-**	**-**	**11,489**	**(6,825)**	**4,664**	**1,685**	**6,349**
Dividend relating to prior years	-	-	(8,286)	-	(8,286)	(490)	(8,776)
Acquisition of a subsidiary	-	-		-	-	362	362
Disposal of subsidiary	-	-		-	-	3,567	3,567
Balance at 31 December 2025	**9,901**	**4,974**	**89,314**	**785**	**104,974**	**21,449**	**126,423**
Balance at 1 January 2026	**9,901**	**4,974**	**89,314**	**785**	**104,974**	**21,449**	**126,423**
Other comprehensive income	-	-	-	361	361	17	378
Profit for the period	-	-	5,233	-	5,233	379	5,612
Total recognized income and expense for 2026	**-**	**-**	**5,233**	**361**	**5,594**	**396**	**5,990**
Dividend relating to prior years	-	-	(8,206)	-	(8,206)	(1,270)	(9,476)
Acquisition of a subsidiary	-	-	-	-	-	134	134
Balance at 30 June 2026	**9,901**	**4,974**	**86,341**	**1,146**	**102,362**	**20,709**	**123,071**

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

Consolidated cash flows statement

	Jan-Jun 2026	Jan-Jun 2025	Jan-Jun 2026	Jan-Jun 2025
Cash flows from operating activities	**USD'000**	**USD'000**	**EUR'000**	**EUR'000**
Profit before tax	8,553	4,036	7,334	3,690
Adjustment to reconcile profit before tax to net cash flows				
Depreciation and amortization	2,007	1,477	1,721	1,351
Loss on disposal of property, plant and equipment	-	(35)	-	(32)
Interest income	(381)	(319)	(327)	(292)
Interest expenses	5,613	4,040	4,813	3,694
Fair value (gain)/losses on derivative financial instruments, net	(29)	(46)	(22)	(64)
Movements in provisions and allowances	137	810	118	215
Share of net profit of associate and a joint venture	(1,024)	(159)	(894)	(146)
Gain on disposal of property, plant and equipment	(60)	-	(51)	-
Working capital adjustments:				
Decrease/(Increase) in trade and other receivables	5,313	(4,223)	(661)	14,899
Decrease/(Increase) in inventories	(70,711)	(80,068)	(66,509)	(54,304)
(Decrease)/ Increase in trade and other payables	41,661	41,695	42,737	13,629
Interest received	381	319	327	292
Interest paid	(5,613)	(4,040)	(4,813)	(3,694)
Income tax paid	(2,760)	(2,841)	(2,362)	(2,650)
Increase in other current financial investments	(20)	390	(18)	333
Net cash flows used in operating activities	**(16,933)**	**(38,965)**	**(18,607)**	**(23,079)**
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	61	35	52	32
Purchases of property, plant and equipment and intangible assets	(3,331)	(2,365)	(2,856)	(2,164)
Acquisition of a subsidiary, net of cash acquired	(2,800)	(4,683)	(2,375)	(4,436)
Net cash flows from / (used in) investing activities	**(6,070)**	**(7,013)**	**(5,179)**	**(6,568)**
Cash flows from financing activities				
Proceeds from bank overdrafts, net	22,312	32,778	23,746	15,569
Dividends paid to equity holders of the parent	(6,144)	(409)	(5,195)	(360)
Dividends paid to the Minority shareholders	(1,459)	(509)	(1,270)	(490)
Net cash flows (used in) / from financing activities	**14,709**	**31,860**	**17,281**	**14,719**
Net decrease in cash and cash equivalents	**(8,295)**	**(14,117)**	**(6,505)**	**(14,928)**
Cash and cash equivalents at beginning of the year	29,003	26,332	24,683	25,346
Exchange gains / (losses) on cash	-	-	-	-
Cash and cash equivalents at end of the period	**20,708**	**12,215**	**18,178**	**10,418**

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 6 months ended 30 June 2026 have been prepared in accordance with International Financial Reporting Standards (IFRS). The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2025.

2. Share capital

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

3. Borrowings

	30.06.2026 USD'000	31.12.2025 USD'000	30.06.2026 EUR'000	31.12.2025 EUR'000
Non-current				
Bonds*	22,788	23,515	20,000	20,013
Lease liabilities IFRS16	20,605	20,605	17,536	17,536
Finance lease liabilities	13	1	11	1
	43,406	**44,121**	**37,547**	**37,550**
Current				
Bank borrowings	124,399	101,346	109,873	86,252
Borrowings from shareholders	3,518	3,518	3,084	2,994
Lease liabilities IFRS16	5,329	5,329	4,535	4,535
Finance lease liabilities	248	14	218	12
	133,494	**110,207**	**117,710**	**93,793**
Total borrowings	**176,900**	**154,328**	**155,257**	**131,343**

*Financial covenants set by bond program i) Consolidated ratio of Equity (Total Equity increased by outstanding subordinated loans) to Assets (Total Assets decreased by IFRS 16 influence) is 29.6%. Minimal requirement is 16%. Covenant is fulfilled. ii) Consolidated Interest Coverage Ratio (Earnings before interest payments and taxes (EBIT) to Interest expenses) is 2.58 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 6 months ended 30 June 2026 is 23.5 % (the estimated tax rate for 6 months ended 30 June 2025 was 10.7%). The difference is mainly due to differences in profitability in the Group's subsidiaries in the respective countries, as well as the Group's policy on recognizing deferred tax assets.

5. Earnings per share

The Company has no dilutive potential shares therefore diluted earnings per share are equal to basic earnings 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-Jun 2026 USD'000	Jan-Jun 2025 USD'000	Jan-Jun 2026 EUR'000	Jan-Jun 2025 EUR'000
Profit attributable to equity holders of the Company	6,103	3,485	5,233	3,186
Weighted average number of ordinary shares/employees in issue (thousands)	9,901	9,901	9,901	9,901
Basic earnings (USD and EUR per share)	0.62	0.35	0.53	0.32

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 June 2026, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

7. Subsequent events

There have been no subsequent events after the last date of the reporting period that would significantly affect the Company's financial position as of 30 June 2026.