



Investor Presentation

December 2025

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Target market

The target market assessment by the product manufacturer Signet Bank AS has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, professional clients, and retail clients, each as defined in Directive 2014/65/EU (MIFID II); (ii) all channels for distribution of the Notes to eligible counterparties, professional clients and retail clients are appropriate.

Any person subsequently offering, selling or recommending the Notes should take into consideration the manufacturer's target market assessment. However, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

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Group at a glance

Powering IT & Consumer Electronics Distribution Across 40 Countries via sales offices in 13 countries

Regional leader

- Founded in 1993, ELKO is one of the largest IT distributors in the Northern-European region
- The Group offers more than **40 000** IT and electronics products from over **400** global manufacturers
- Headquartered in Latvia, ELKO has **sales offices in 13 and operates in 40 countries**
- The Group currently works with more than **1 200** employees

Strong financials

- During FY 2024 the Group reported EBIT of **USD 26m** and net income of **USD 14.1m**
- As of FY 2024 the Group's working capital reached USD 187m and book **equity USD 130m**, representing an **adjusted equity ratio of 38.4%**

Partnerships

- Strong vendor relationships as a key driver
- ELKO Grupa is a dominant regional distributor for 31 global brands – **Apple, Huawei, Samsung and more**

Bond offering

- An experienced and recognized issuer **with 3 bond issues** since 2007
- ELKO Grupa launches its new bond issue of up to EUR 20-30m to refinance existing bonds and support further business development

Core brands

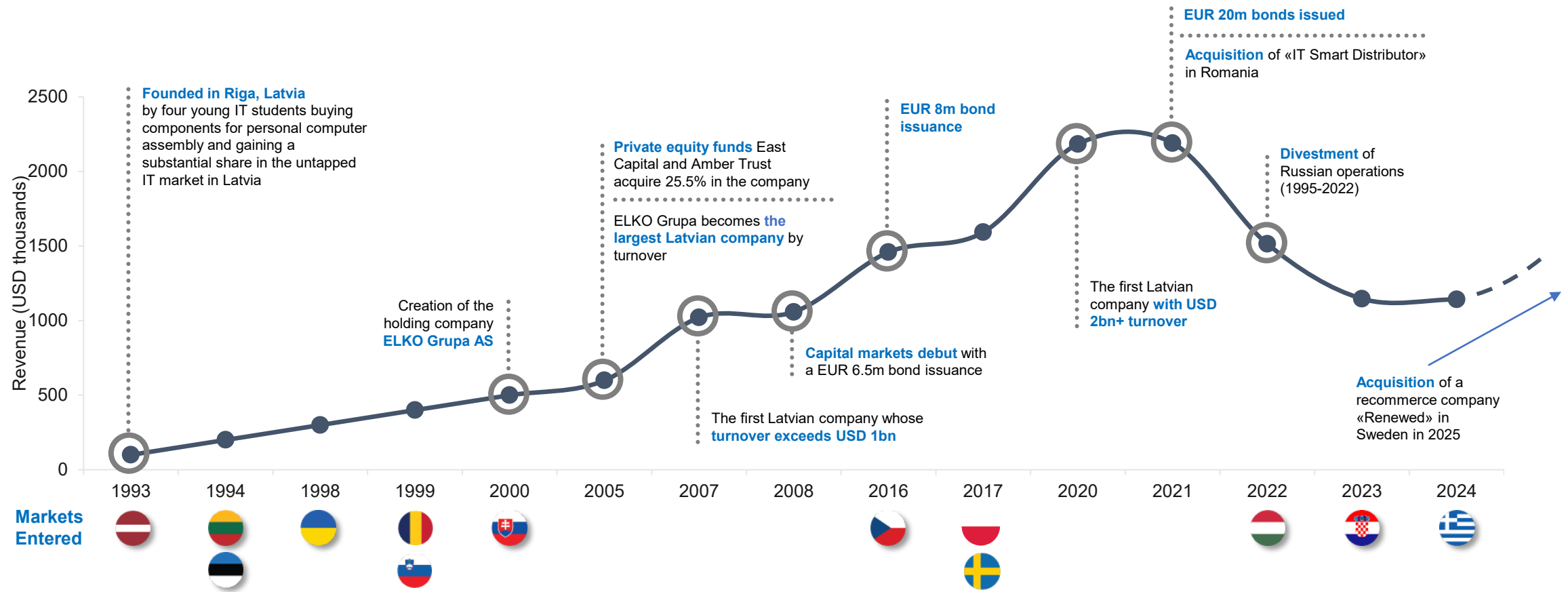


Top clients are regional leaders

Latvia	Lithuania	Estonia
RD Electronics euronics 1A.LV Capital tet Imt	euronics pigu.lt SKYTECH KILOBAITAS varle.lt	Arvutitark euronics KLICK ONOFF

Story of ELKO Grupa

Pioneers of IT component distribution in Eastern Europe

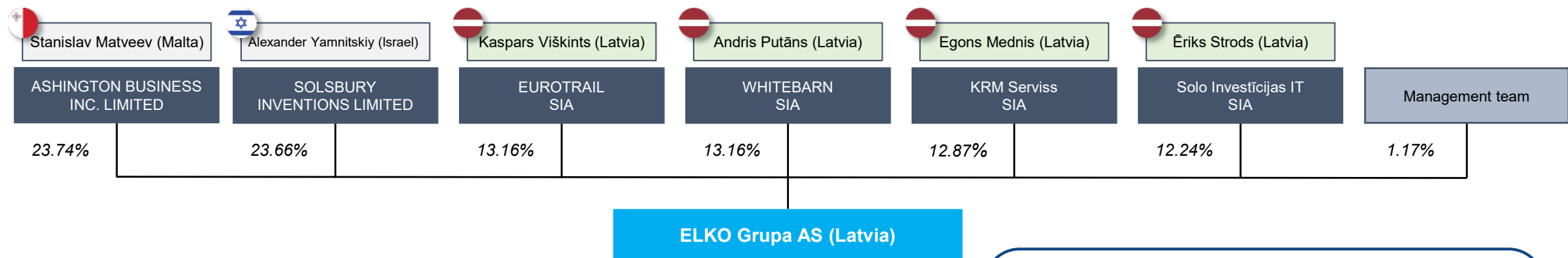


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Ownership structure

Majority control retained by the four founders, complemented by participation from international investors



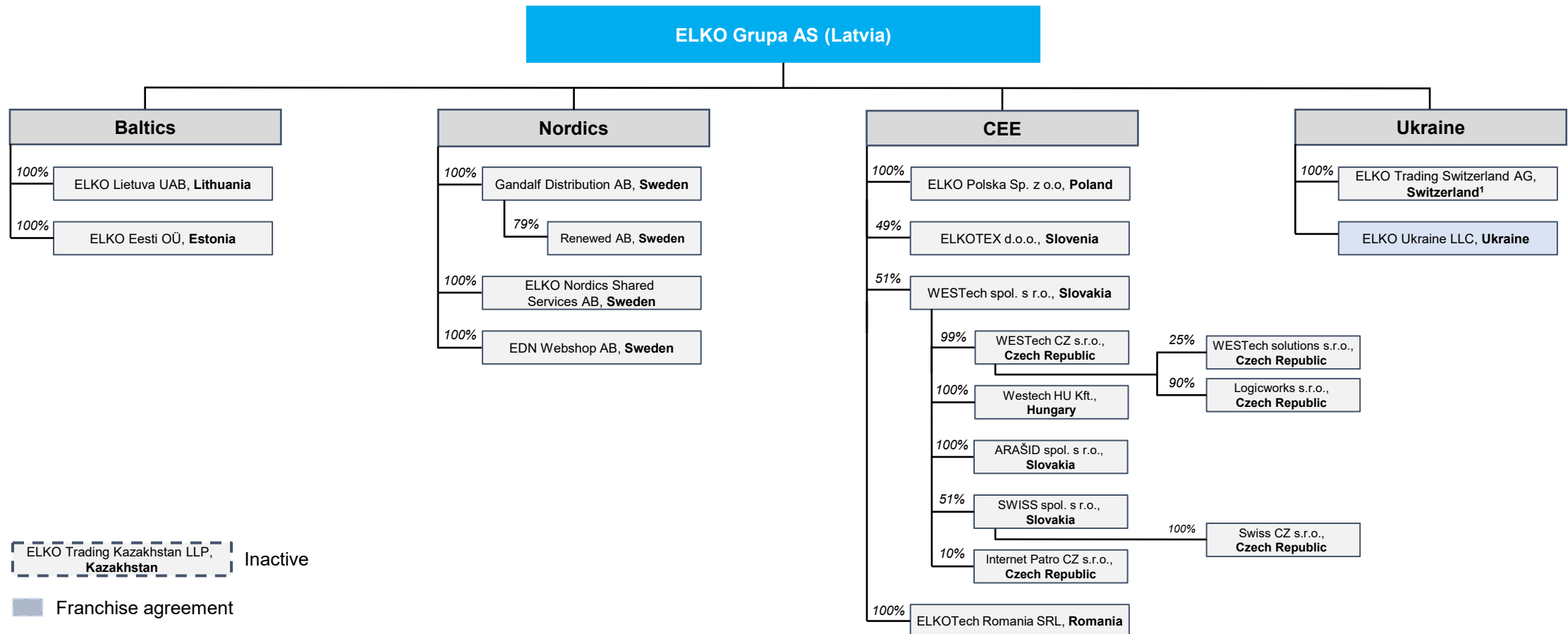
- **Egons Mednis, Ēriks Strods, Andris Putāns** and **Kaspars Viškints** founded ELKO Riga SIA in 1993 with a vision of distributing IT products in the Baltic region, a market which was then still very much in its infancy
- Private equity firms **Amber Trust** and **East Capital** made their initial investment into ELKO Grupa in 2005 acquiring **25.5%** stake and providing growth capital supporting the Group's successful development
- In **2013**, East Capital has successfully **exited** ELKO Grupa, 8.8% equity interest was sold to existing ELKO Grupa's shareholders
- In **2019**, Amber Trust II successfully **exited** ELKO Grupa by selling 17.7% equity interest to existing ELKO Grupa's shareholders

Supervisory Council

- Andris Putāns**
Chairman of the Council, Co-founder
- Ēriks Strods**
Council Member, Co-founder
- Edgars Kvālis**
Deputy Chairman of the Council
- Annija Reskāja**
Council member

Legal structure of the Group

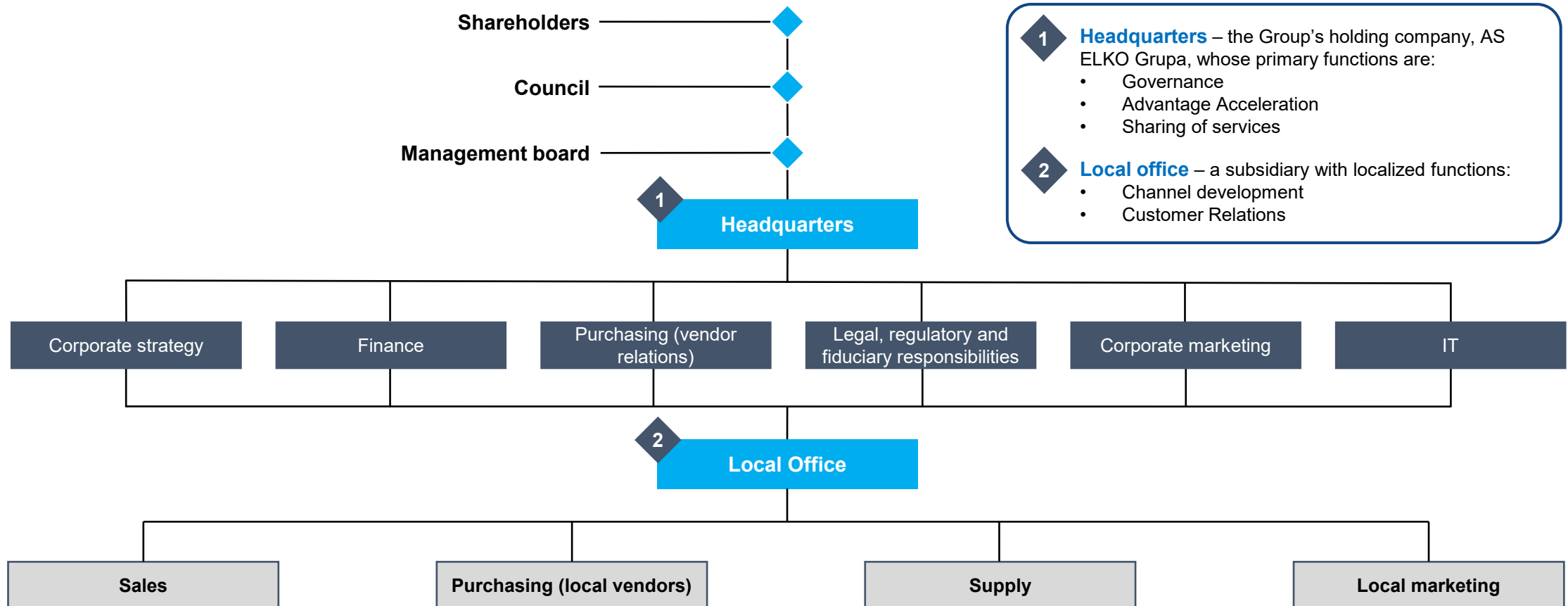
The Group consists of the parent company, latvian joint stock company ELKO Grupa AS, and 20 subsidiaries



¹ Classified under Ukraine region given that the subsidiary trades only with Ukraine

Corporate governance structure

Centralized management at headquarters with regional execution via local offices



Management Board

ELKO is managed by professionals with long-term experience in their respective fields



EGONS MEDNIS

Chairman of Board, President,
Co-founder

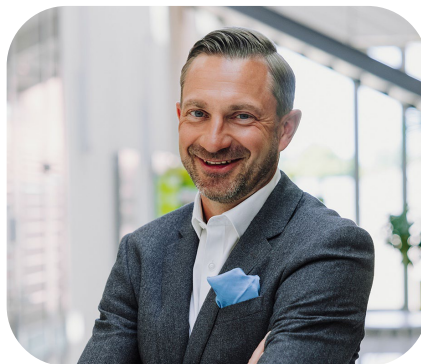
EXPERIENCE

Akciju sabiedrība ELKO Grupa Chairman of Board, President (Since 2000)

ELKO Rīga SIA, Director (1998 – 2000)

ELKO Rīga SIA, Sales Director (1993 – 1998)

Holds a higher education diploma from Riga's Polytechnic Institute / Faculty of automatics and computer technology (1992)



SVENS DINSDORFS

Member of Board, CEO

EXPERIENCE

Akciju sabiedrība ELKO Grupa, CEO, Member of the Board (Since 2015)

ELKO Grupa AS Finance Director, Member of the Board (2006-2015)

Holds an MSc from Stockholm School of Economics (2003) and BSc from Stockholm School of Economics in Riga (1998)



VADIMS RABŠA

Member of Board, CFO

EXPERIENCE

Akciju sabiedrība ELKO Grupa, Member of Board, CFO (Since 2017)

VP Holding LLC, Chief Finance Officer, Member of the Board (2016-2017)

JSC Grindex, Member of Board, CFO (2007-2016)

Holds a BSc from Stockholm School of Economics in Riga (2000)



MĀRTIŅŠ OZOLIŅŠ

Member of Board, CCO

EXPERIENCE

Akciju sabiedrība ELKO Grupa, Chief Commercial Officer (Since 2017)

ELKO Grupa AS, Deputy Distribution Director (2016-2017)

ELKO Grupa AS, Regional Director (2015)

ELKO Grupa AS, Head of Treasury (2010-2015)

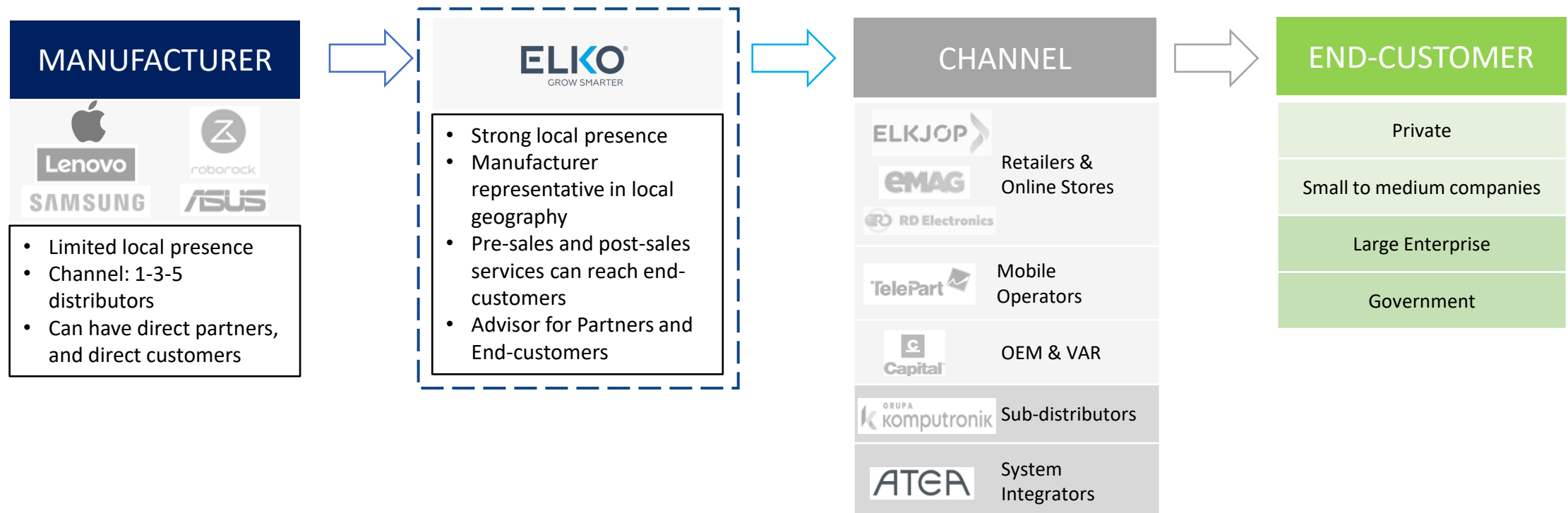
Holds an MBA from Riga Technical University (2007) and BSc from Stockholm School of Economics in Riga (2002)

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Business model

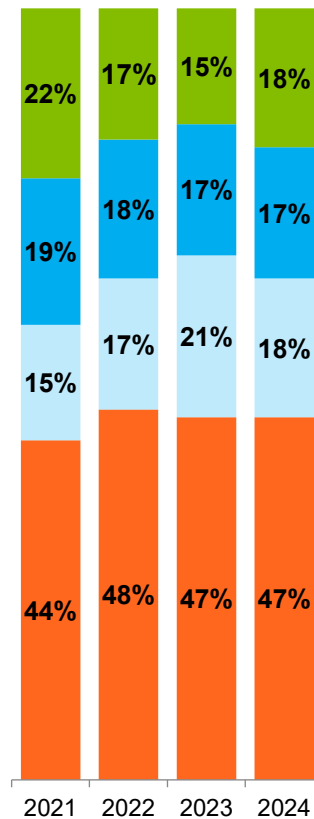
The Group bridges the gap between large manufacturers and regional resellers



Scope of operations

Sales in more than 40 countries via regional offices

Revenue by regions



Nordics

Leading distributor of computer and peripheral products in Sweden
Present also in Norway, Denmark, Finland and Iceland

Baltics

Widest and most balanced product portfolio
Top 3 distributor in the Baltic region

Ukraine

PC and CE business driving growth - strongest PC components partner of key vendors
Top 3 distributor for each of its key vendors in Ukraine
The existing franchising agreement mitigates most of the country risk

CEE

Romania, Poland, Slovakia, the Czech Republic, Hungary, Greece, Slovenia and Croatia
Apple Premium reseller and B2B solutions provider in Slovakia and Czech Republic
Top 3 distributor for each of its key vendors in the countries in which ELKO operates
Mobile & gaming retail operation in Slovakia and the Czech Republic

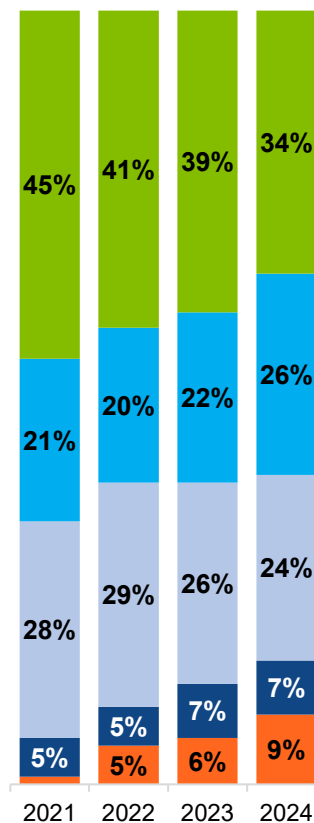
- ■ ■ 13 countries
- 15 offices
- ▲ 2 HUBs



Business segments

Over the years, the Group has diversified its business the legacy business of IT product distribution

Revenue by products



IT products: Well-diversified portfolio

- Components
- Personal Computing
- Software and more

Mobile Communications

- Smartphones
- Accessories for smartphones

Consumer electronics: Fast-rising segment

- Domestic Appliances
- Home & Office Electronics
- TVs and more

Solutions: Fields such as

- Security Systems / Data Centre Infrastructure / Industrial Automation / others

Other: Constantly new segments

- DIY / Power Tools / Renewable energy / Drones / Garden tools

ELKO Grupa distributes more than **40 000 IT** and Consumer Electronics products from **400+** leading IT manufacturers

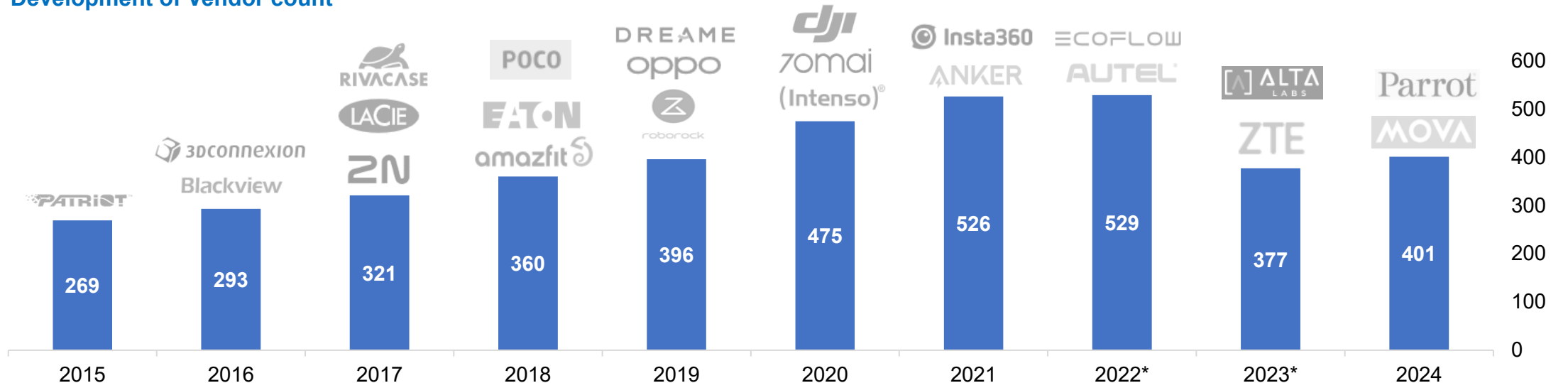
- During the years ELKO Grupa has added new product groups and decreased reliance on sale of computer components and mobile communications
- The Group actively seeks new product opportunities to increase its regional presence and operational diversification
- Development of product range is in line with the industry trends
- With a strategic focus on changing product mix, the Group is well-positioned to capitalize on emerging opportunities across high-growth segments, driving long-term value and resilience

Vendors

ELKO long term relationships with vendors provides de facto exclusive distribution rights for a variety of brands

- 1 ELKO aims to be Top 3 distributor for each major brand within each region
- 2 For many brands in selected markets ELKO is the only sizeable distributor - for example, MSI for Baltics, Xiaomi for Nordics
- 3 ELKO has built long-term partnerships with major global brands over decades, while continuously expanding its portfolio by adding new, in-demand vendors each year to meet evolving market needs

Development of Vendor count

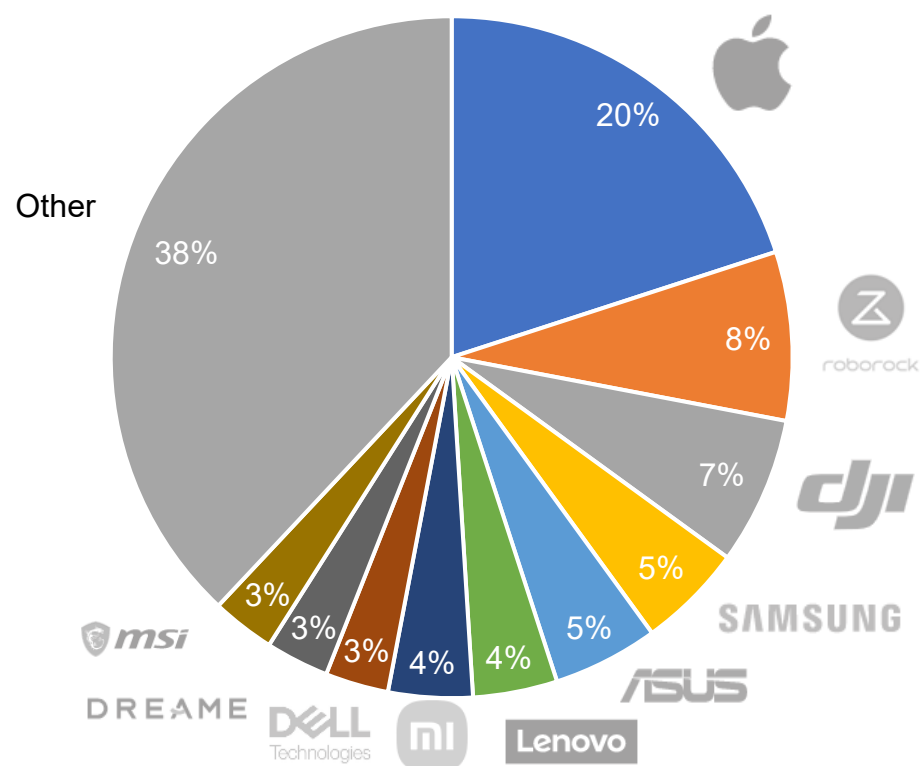


* ELKO Grupa exited the Russian market in April 2022, explaining the drop in the vendor count from 2022 to 2023

Sales by vendors

Products from top 10 largest vendors accounted for 62% of ELKO Grupa's sales in 2024

Sales by vendor (2024)



ELKO actively seeks vendor diversification to reduce single-vendor dependency below **20-25% share**

	2021	2022	2023	2024
Apple	19%	19%	20%	20%
Roborock	12%	12%	10%	8%
DJI	1%	3%	5%	7%
Samsung	3%	3%	4%	5%
Asus	5%	5%	6%	5%
Lenovo	4%	5%	5%	4%
Xiaomi	2%	0%	1%	4%
Dell	3%	3%	3%	3%
Dreame	1%	1%	1%	3%
MSI	3%	2%	3%	3%
Top 10	61%	59%	60%	62%

Client breakdown

Highly diversified client base of regional leaders with a majority off-take by retailers and resellers

Retailers / Online stores

Large consumer electronics retail chains, other retailers, internet shops, etc.



Sub-distributors / Resellers

Sell goods to other market participants, no direct contact with manufacturers



Mobile operators

Client segment mostly for mobile telephone, tablet sales



System integrators

Specialize in IT system integration

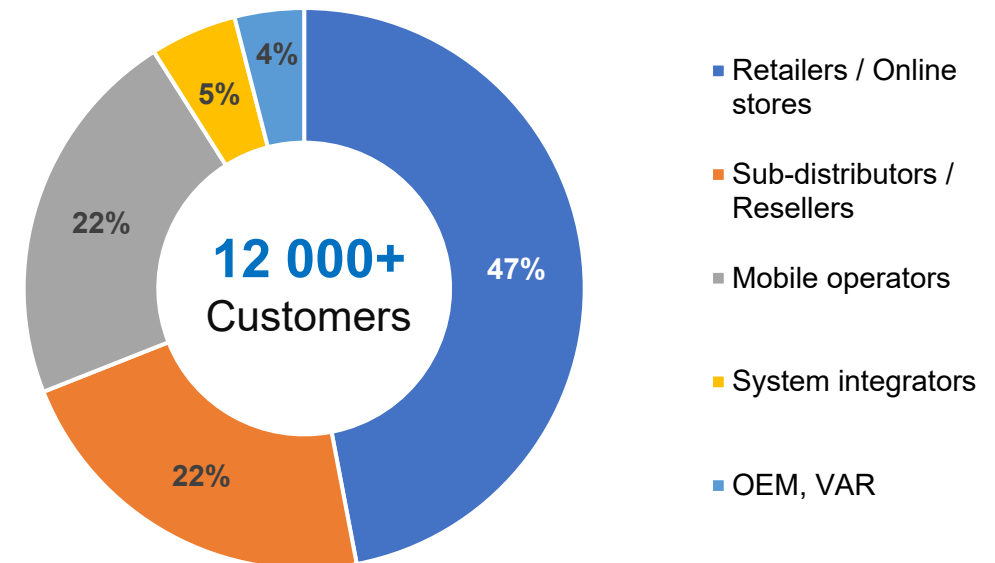


OEM, VAR

Buy components and produce goods with own brand, add additional functionality



Sales by client type (2024)



Mitigation of single client exposure

The 30 largest clients accounted for 38% of total ELKO Grupa's revenues in 2024

Centralized framework with local execution

- Experienced HQ team sets and oversees all local credit policies
- Each sales office has a dedicated controller implementing HQ policy

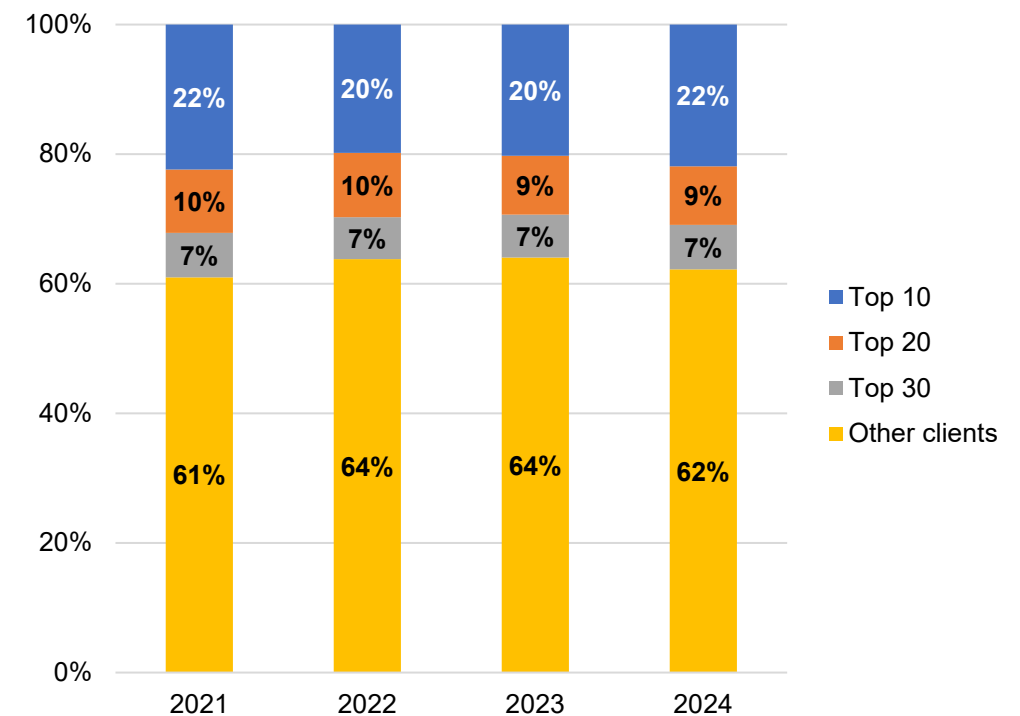
Proactive risk mitigation

- Rigorous customer evaluation required prior to any credit limit approval
- Active use of securities: cash deposits, bank guarantees, and trade credit insurance
- Exception: Trade insurance is not used in Ukraine due to market circumstances, replaced by enhanced evaluation and monitoring

Strict credit process & zero tolerance

- All limits and conditions are managed exclusively within the ERP system
- **Automatic shipment hold** for any overdue payment or exceeded credit limit
- **Zero tolerance for overdue payments** - only the credit control team can release a hold

Revenue concentration by client groups



Inventory breakdown

Inventory is in line with sales distribution

A broad and diversified inventory is maintained to ensure swift and reliable delivery across its extensive distribution network in Eastern and Northern Europe

Group's inventory includes over 40 000 SKUs as of the end of 2024, reflecting a wide product portfolio spanning IT and consumer electronics

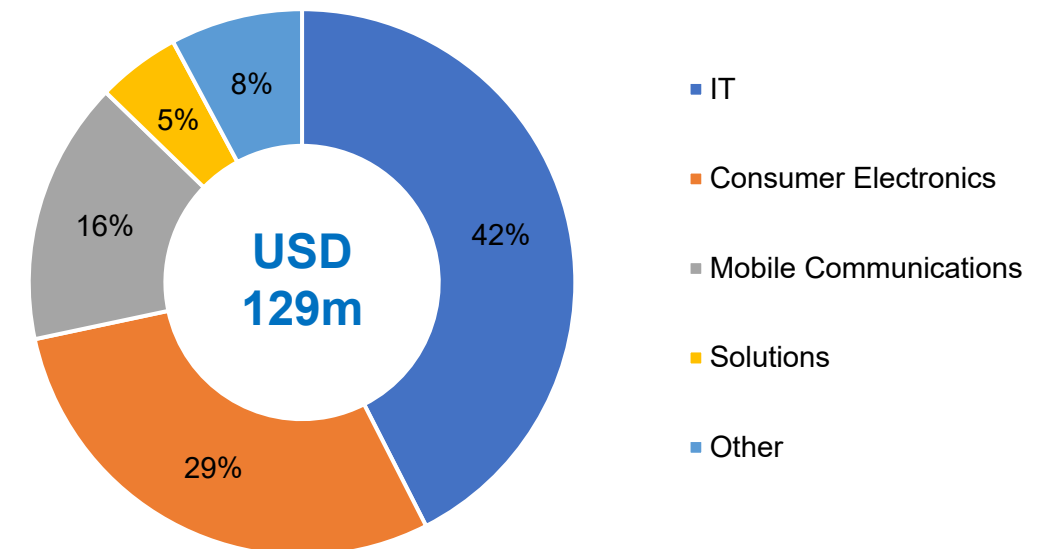
The total inventory value stood at USD 129 million, with valuation based on historical cost using the Weighted Average Cost (WAC) accounting method

Inventory composition by product category closely mirrors the Group's overall sales distribution, supporting operational alignment and reducing concentration risk

IT/CE manufacturers are typically focused on maintaining healthy distributor inventory levels, supported by promotional activities, sales incentives, stock rotation programs, and stock protection measures

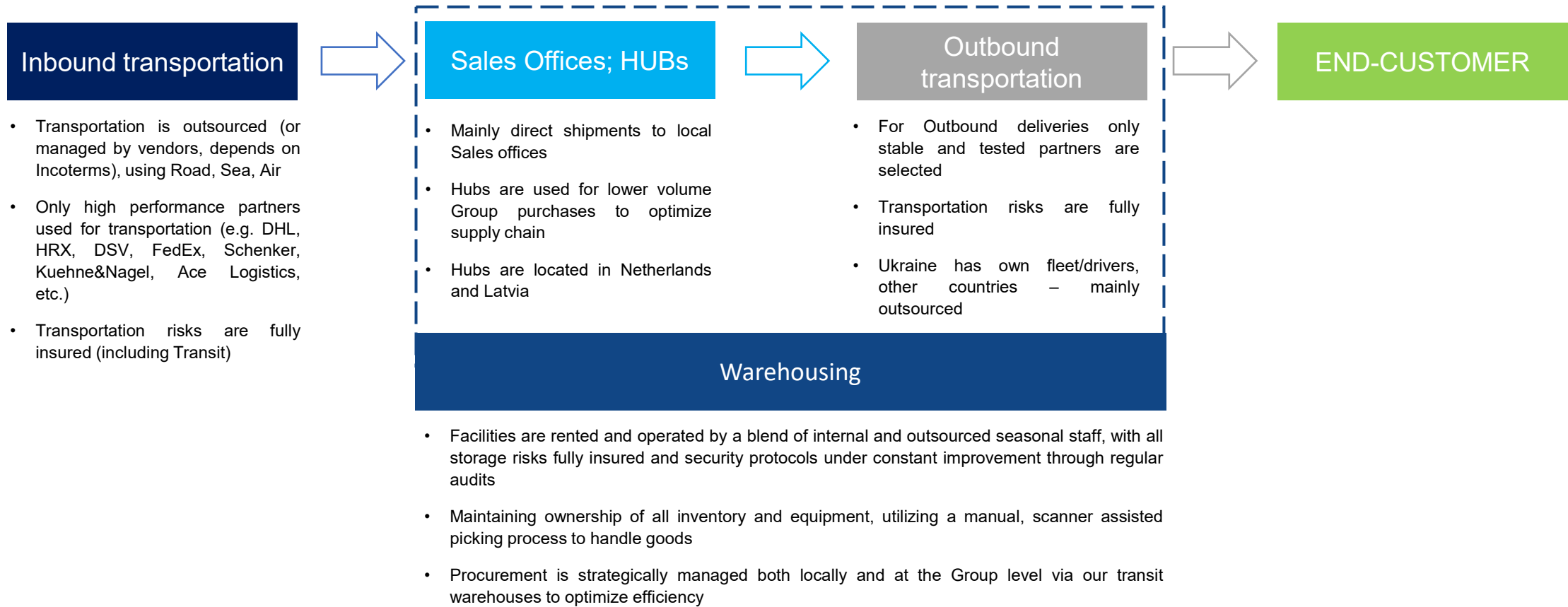
The inventory strategy of ELKO Grupa is balanced and well-managed, posing no material risk to creditors or financial stability

Inventory split by segments (2024)



Logistics and inventory management

Group has a large, highly-efficient and internally managed logistics department

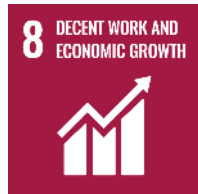


Sustainable Development Goals

The Group has identified the four key Sustainable Development Goals on which the Group's impact is the largest



- Health insurance for all employees, including mental health coverage
- Active promotion of a healthy lifestyle through internal events
- Regular blood donation and vaccination drives in the workplace



- Fair wages and safe and secure working environments
- Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity, and innovation in all countries of operations



- Perpetually introducing the newest solutions and products that can help to improve IT infrastructure
- Introduce the newest technologies and solutions in our supply chain for more sustainable and efficient group operations



- Measure our carbon footprint and work on policy development to reduce it
- Add more eco-friendlier solutions to our portfolio
- New services and improved operating methods to reduce waste generation
- Closely monitor the CSR activities of our suppliers, especially the environmental aspects, thus helping our product portfolio to become more sustainable.

ELKO demonstrates its commitment to the environment, society and proper governance by publishing their ESG reports since 2021:

[Full ESG Report 2024 under the link here](#)



Recent strategic initiatives

Aimed at operational efficiency improvements and the implementation of AI-powered pricing mechanisms

Lean initiative

- Structural launch of continuous improvement process embedding LEAN principles
- Focus on streamlining processes and enhancing operational efficiency
- Dedicated operational structure has been created to ensure LEAN becomes a routine process across the Group
- Crowdsourcing improvement ideas organization-wide
- Cross-department coordination to solve higher-complexity issues

AI adoption

- Pricing chosen as the first core business process for AI implementation
- External service provider contracted to lead AI-based pricing rollout
- Expected outcomes:
 - Faster, tailored price offers to improve customer experience
 - Semi-automation to reduce routine employee workload
 - Greater transparency in the pricing process
 - Additional revenue and margin capture

The unifying purpose of these initiatives is to secure scalability of ELKO Group operational structure to support further growth

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European IT/CE distribution market

Estimated overall market growth around 5% p.a. in the coming years

Recent market dynamics

Pandemic boom (2020-2022): both IT and CE markets saw surging demand due to households adjusting to stay-at-home lifestyles

Post-pandemic correction (2023): little need for upgrading hardware after the pandemic boom, inflation and the high interest rates depress consumer demand, stock levels rise

Renewed momentum (2024-2025): Upgrade cycles, product innovations (AI-enabled devices, smart home ecosystems) drive consumer demand

The Future outlook

Hardware & CE Recovery: Eastern and Northern European ICT distribution is rebounding, fueled by demand for AI-capable devices, desktop components, and a new PC refresh cycle

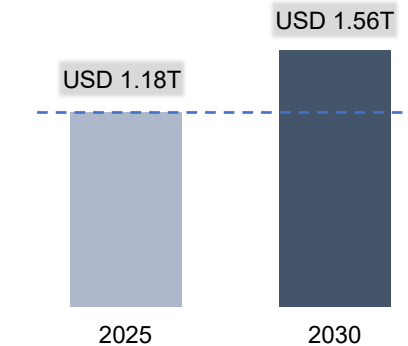
Product-Centric Growth: Physical IT/CE products remain the primary growth engine, despite some distributors shifting toward software and services

Fragmented Market Dynamics: The region's market remains structurally fragmented, favoring established players with scale, strong vendor partnerships, and local expertise

Strong Regional Leaders: Key players - including ELKO, ASBIS, ALSO, and AB S.A. - hold strong positions in their markets, with no single player dominating the entire region

Europe ICT Market

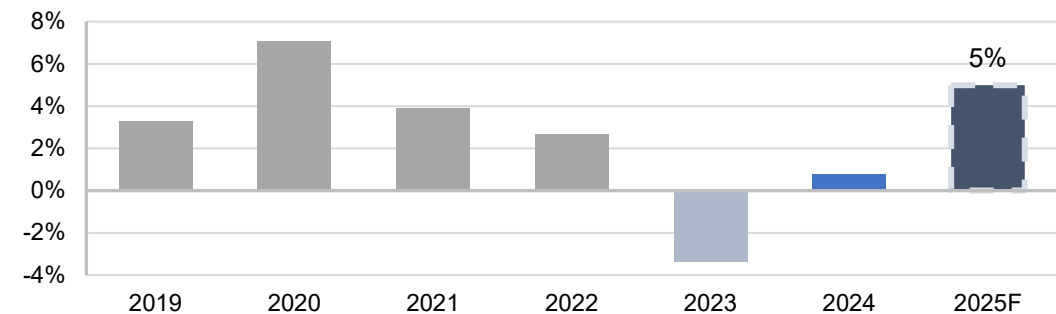
Market size in USD Trillion
CAGR: **5.29%**



European ICT Market (Hardware, Software, Services, Telecom) is forecasted to expand from US\$1.18 trillion in 2025 to US\$1.56 trillion by 2030, at a CAGR of ~5.3%

The European IT distribution market has clearly resumed its growth trajectory and is expected to continue expanding

Europe IT distribution sales: annual change, %



Largest competitors

ELKO Grupa competes on an international scale

ELKO Grupa operates across CEE, Baltic and Nordic regions

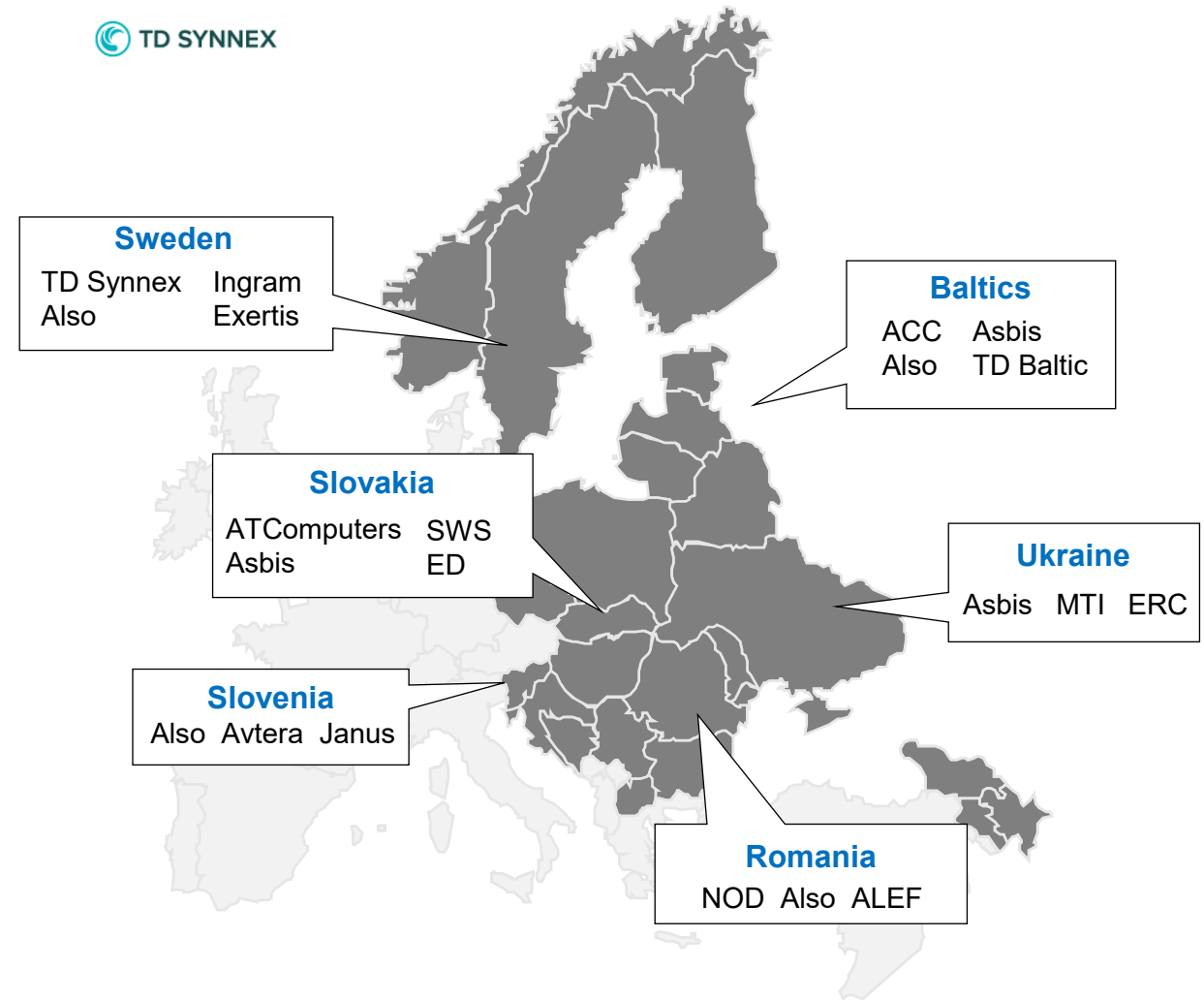
The competition consists of multinationals and large regional distributors

Strategic positioning of Elko Grupa:

- Rivals focus largely on enterprise IT solutions, developing cloud infrastructure and XaaS (Everything-as-a-Service) ecosystems
- ELKO has pivoted to high-growth, Chinese brand driven Consumer Electronics segment
- ELKO takes the active role of a brand developer in key markets, solidifying vendor relationships

ELKO aims to be a **Top 3 distributor** in each market and with each vendor

Long-term vendor relationships enable strategic go-to-market service development and preferred partner status



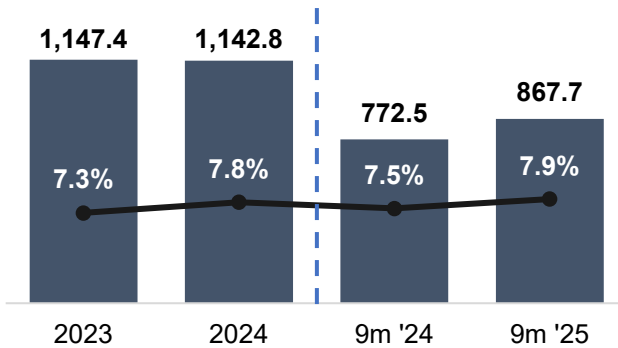
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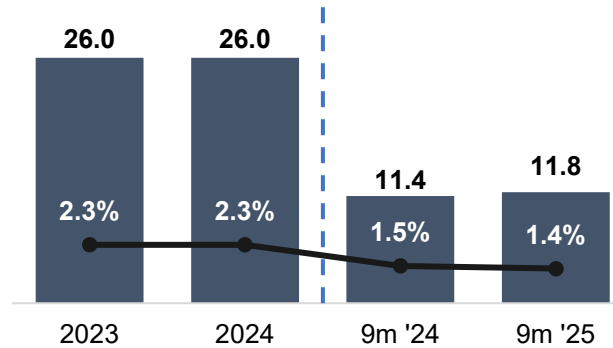
Key financial highlights

Proven track record of meeting financial covenants with a considerable margin of safety

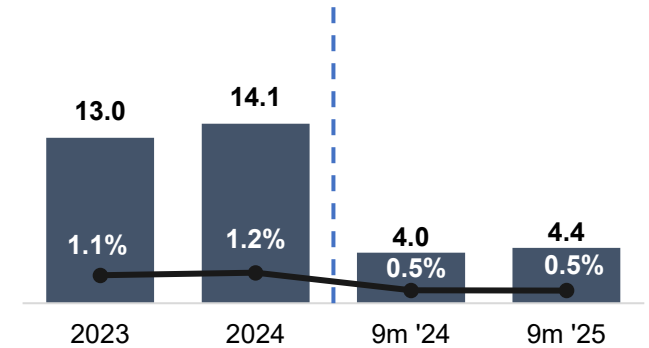
Revenue (USD m) & gross margin (%)



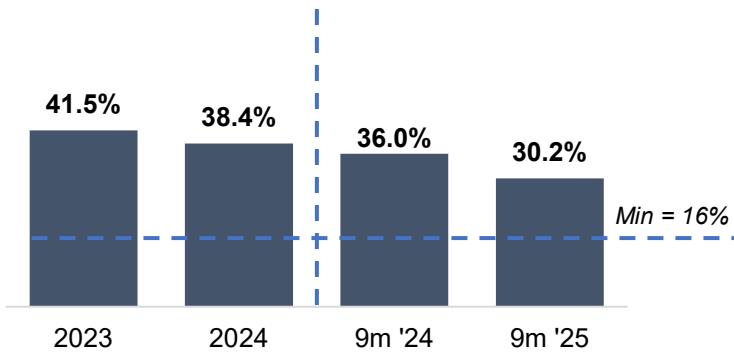
EBIT (USD m) & EBIT margin (%)



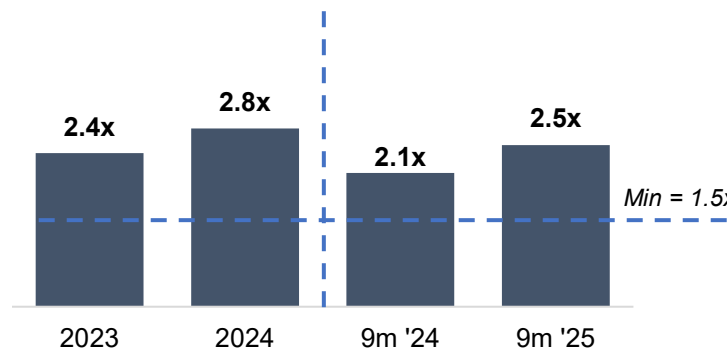
Net income (USD m) & net margin (%)



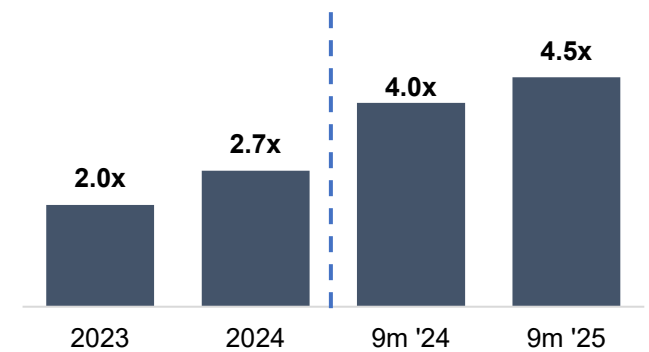
Adjusted Equity Ratio (%)



Interest Coverage Ratio¹ (x)



Net Debt / EBIT¹ (x)

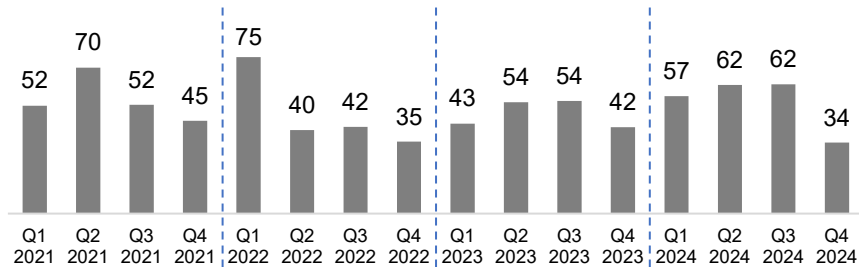


¹Trailing Twelve Month (last 12 months since the record date) EBIT is used for calculating the financial ratios in question

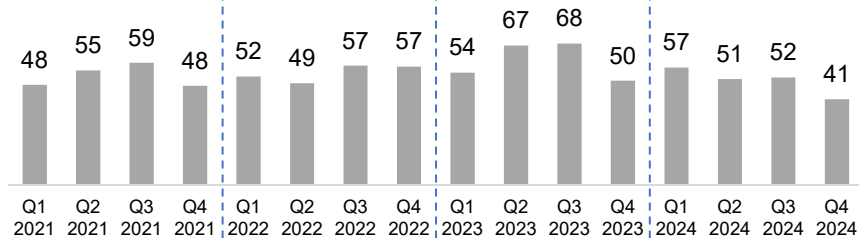
Working capital

ELKO Grupa's strong management skills have kept stable working capital amounts at \$200m throughout the years

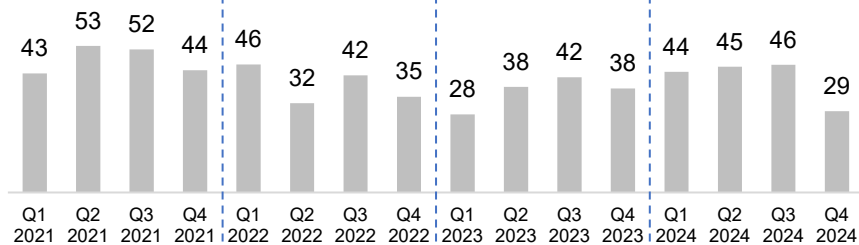
Inventory days



Days receivable

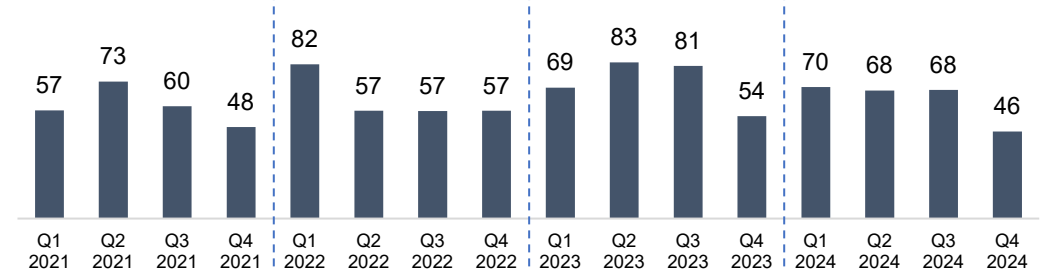


Days payable

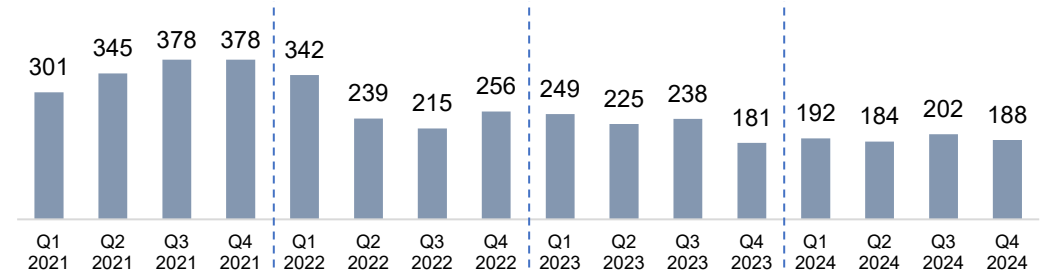


- Cash conversion is around historical average with timely payment by debtors and solid turnover of inventories
- The Group has around USD 200m tied up in working capital

Cash conversion cycle, days



Working capital, USD millions



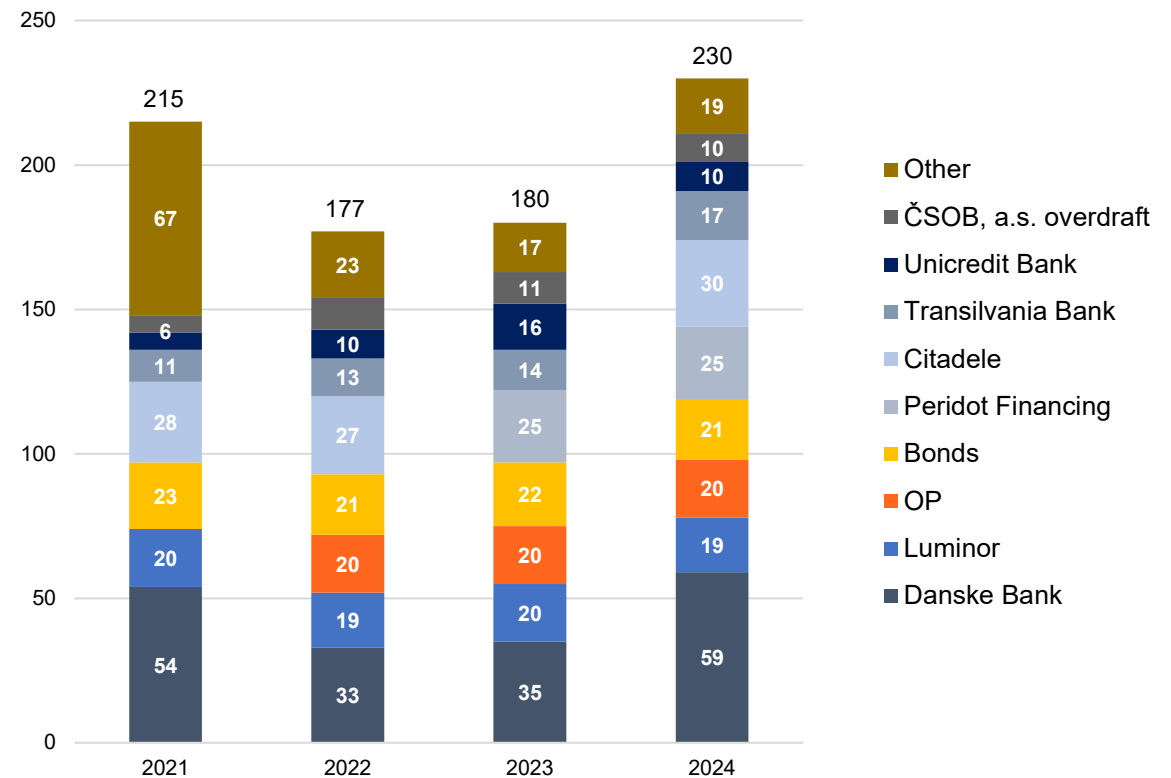
Financing limits

27 years of perfect creditworthiness record – ELKO has never defaulted or delayed any of its liabilities

- Syndicate (Luminor, OP Bank) till Jul 2026, available USD 39m
- Bonds with a face value of EUR 20m and maturity date of 12 February 2026
- Trade payable financing programs with Peridot Financing (USD 25m)
- Most of the funding is short term, which is why ELKO wants to issue bonds for long-term funding
- M&A activities are financed by the operating cash flow

Majority of ELKO Grupa's financing is short-term working capital financing, funded in local currencies

Financing limits with main creditors, USD millions



FX exposure and strategy

Foreign currency risks are mitigated by systematized hedging strategies

ELKO operational currency is USD, and all other currencies are hedged to USD

ELKO strategy is to close open currency positions close to 100% and it is done:

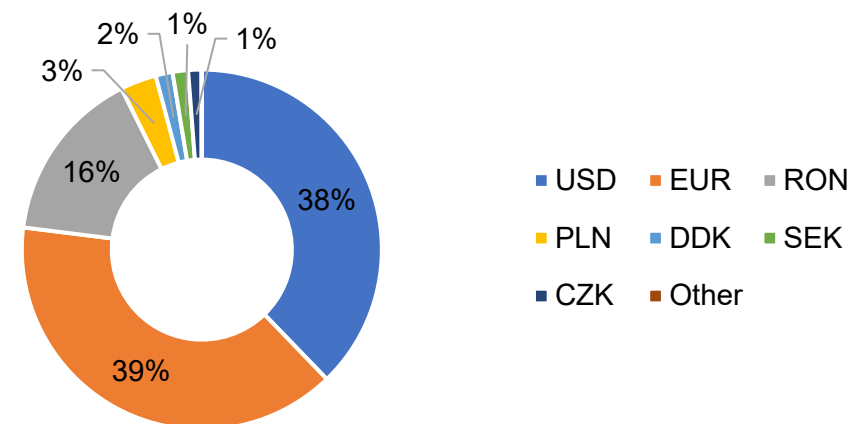
- Daily for EUR and PLN
- Three times per week for RON
- Weekly for SEK (Swedish subsidiary – Gandalf, is hedging locally to SEK, while ELKO Grupa is hedging its investment in Gandalf)

After all positions are accounted and natural hedging instruments (loans, factoring, AP etc.) are used for hedging purposes, the remaining open position is closed by using forwards

Main counterparty for forwards is OP Corporate Bank

The unhedged position usually does not exceed USD 500k equivalent, hence the residual FX risk is not material

Revenue by currency (2024)



Hedged balance sheet items

- | | | |
|------------------------------|--------------------|------------------------|
| ○ Stock and stock in transit | ○ Prepayments made | ○ Prepayments received |
| ○ Accounts receivable | ○ Loans | ○ Accounts payable |
| ○ Cash | ○ Factoring | ○ Other |

Income statement

Gross margin expansion in recent years has underscored successful recovery since 2022

USD thousands	2022	2023	2024	9m '24	9m '25
Sale of goods ^{1 2}	1 515 644	1 147 426	1 142 795	772 511	867 652
Cost of sales	-1 372 911	-1 064 113	-1 054 082	-714 799	-799 017
Gross profit ³	142 733	83 313	88 713	57 712	68 635
Selling and distribution costs	-9 918	-7 175	-6 763	-5 054	-6 017
Administrative expenses ⁴	-56 843	-55 325	-58 855	-42 852	-48 211
Other operating income	14 536	6 589	4 632	2 143	2 009
Other operating expenses	-29 946	-1 389	-1 711	-569	-4 659
Operating profit	60 562	26 013	26 016	11 380	11 757
Finance income/ (expenses) – net	-11 701	-9 844	-8 231	-5 576	-6 951
Profit before tax	48 861	16 169	17 785	5 804	4 806
Income tax expense	-8 498	-3 209	-3 662	-1 827	-445
Profit for the period ⁴	40 363	12 960	14 123	3 977	4 361

¹ The 12.3% increase in revenue during the first 9 months of 2025 was driven factors such as the recovery of notebook segment driven by Windows update and AI, solid cloud computing component performance, and SDA and mobility vendors

² It is expect to retain strong control of cost base, due to including, but not limited to, LEAN initiative and AI adoption. These initiatives are expected to allow to continue solid topline development and pivot to new market segments, while continuously improving cost to revenue ratio

³ Gross profit in the same period reached USD 68.6m (increase of 18.9%), yielding a higher gross margin, which reflects the favorable shift towards higher margin businesses in the portfolio

⁴ The Group saw a 9.7% increase in net profit during the first 9 months of 2025, reaching USD 4.4m. Importantly, given that majority of operational expenses are denominated in local currencies, net profit has been influenced by devaluation of USD in Q3

Balance sheet: Assets

The Group's focus on acquisitions is reflected in the increase of intangibles and PPE in recent years

USD thousands	2022	2023	2024	30.09.2025
Goodwill and intangible assets ^①	4 073	3 964	3 232	5 077
Property, plant and equipment ^②	5 314	6 886	6 460	8 419
Right-of-use assets	19 838	21 344	15 642	17 050
Investments in associates	2 946	3 683	3 862	4 766
Non-current loans	0	670	536	41
Non-current assets	32 171	36 547	29 732	35 353
Inventories ^③	142 103	128 235	128 982	229 918
Current income tax receivable ^④	1 017	1 359	364	2 727
Short term loans	842	98	1 314	5 074
Other current financial investments	3 131	3 146	3 156	3 547
Trade and other receivables and prepayments	255 328	168 411	169 864	188 556
Derivative financial instruments	0	0	221	38
Cash and cash equivalents	24 830	26 073	26 332	12 199
Current assets	427 251	327 322	330 233	442 059
Total Assets	459 422	363 869	359 965	477 412

^① A 57% increase in goodwill and intangible assets as of September 30, 2025, compared to end of 2024, corresponds to the acquisition of 78.95% of Renewed AB in March 2025

^② Property, plant and equipment grew to USD 8.4 million as of September 30, 2025 (+30% since the end of 2024), which is attributable to an increase in equipment related to new warehouse facilities in Sweden

^③ Inventory of the Group exhibits significant seasonality, as the company increases its inventory ahead of the second half of the year which typically yields higher sales due to holidays and celebrations, which is reflected by the 78% growth in inventory compared to the end of 2024

^④ The Company made advance payments for the corporate income tax, which is reflected in the increase since the end of 2024

Balance sheet: Equity & liabilities

Long history of sustained profitability is reflected by the substantial retained earnings of the Group

USD thousands	2022	2023	2024	30.09.2025
Issued capital	11 251	11 251	11 251	11 251
Share premium	5 996	5 996	5 996	5 996
Translation reserve	-14 200	-10 301	-16 763	-16 578
Retained earnings	120 113	110 621	112 336	107 589
Non-controlling interests in equity	18 504	20 678	16 960	23 336
Total equity	141 664	138 245	129 780	131 594
Interest-bearing loans and borrowings ¹	21 412	22 154	20 790	2
Interest-bearing loans from related parties	40 984	3 771	2 507	7 798
Lease liabilities	16 113	16 775	11 487	11 487
Non-current liabilities	78 509	42 700	34 784	19 287
Trade and other payables ²	155 119	115 797	110 841	183 965
Interest-bearing loans and borrowings ³	74 516	55 899	75 080	131 868
Interest-bearing loans from related parties	0	1 029	0	0
Lease liabilities	4 167	4 923	4 108	4 108
Income tax payable	2 298	1 135	982	1 385
Provisions ⁴	3 096	4 005	4 390	5 205
Derivative financial instruments	53	136	0	0
Current liabilities	239 249	182 924	195 401	326 531
Total liabilities	317 758	225 624	230 185	345 818
Total equity and liabilities	459 422	363 869	359 965	477 412

¹ Unsecured Notes (LV0000870079) with nominal value of EUR 20 million and a coupon rate of 6%, maturing on 12 February 2026. As of 30 September 2025, the notes were reclassified to current liabilities.

² Given the seasonality of the Group's balance sheet, the trade payables have increased by 66% since the end of 2024

³ The Group primarily utilizes credit lines in local currencies for financing the working capital – refer to the slide no.29 for further breakdown

⁴ A 19% increase in the provisions since the end of 2024 corresponds to a tax allocation reserve related to Sweden entities

Cash flow statement

Working capital is financed through the utilization of bank credit lines

USD thousands	2022	2023	2024	9m '24	9m '25
Operating activities					
Profit before tax from continuing operations	48 861	16 169	17 785	5 804	4 806
Non-cash adjustments to reconcile profit before tax to net cash flows	35 075	12 069	10 906	7 465	9 406
Working capital adjustments ¹	4 457	15 737	-10 223	-19 786	-44 135
Interest received	822	939	1 062	814	543
Interest paid	-12 523	-10 783	-9 293	-6 390	-7 494
Income tax paid	-10 714	-3 238	-4 151	-3 272	-3 578
Increase in other current financial investments	-956	15	10	42	391
Net cash flows (used in)/ operating activities	65 022	30 908	6 096	-15 322	-40 061
Investing activities					
Proceeds (loss) from sale of property, plant and equipment	80	75	-307	-215	-182
Purchases of property, plant and equipment	-1 569	-3 558	-1 736	-2 846	-3 668
Purchases of intangible assets	-1 410	-343	-146	0	0
Net cash outflow on disposal of subsidiary	-12 635	-26	0	0	0
Acquisition of a subsidiary ²	-16	-252	-38	- 5	-4 860
Net cash flows (used in)/from investing activities	-15 550	-4 104	-2 227	-3 066	-8 710
Financing activities					
Proceeds from bank overdrafts, net ³	-59 273	-19 495	9 977	11 431	38 132
Payment of principal portion of lease liabilities	-4 472	-4 604	-5 272	0	0
Dividends paid to equity holders of the parent	-428	-690	-4 579	-4 579	-2 984
Dividends paid to the Minority shareholders	-522	-772	-3 736	-2 712	-509
Net cash flows (used in) / from financing activities	-64 695	-25 561	-3 610	4 140	34 639
Net increase in cash and cash equivalents	-15 223	1 243	259	-14 248	-14 132
Cash and cash equivalents at beginning of the year	40 053	24 830	26 073	26 073	26 332
Cash and cash equivalents at end of the year	24 830	26 073	26 332	11 825	12 199

- ¹ Inventory accumulation ahead of the second part of the year which usually exhibits higher consumer demand. In addition, H2 of 2025 exhibits higher demand, compared to 2024, for prepayment supplier products (Dreame, Roborock) with long delivery days
- ² Acquisition of Renewed AB and advance payment for Deltaco UAB (the transaction has been canceled in Q3 2025). Advance payment will be returned during Q4 2025
- ³ Utilization of credit lines as a result of increasing sales activity

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Term sheet

ELKO is a recognized capital markets participant with 2 redeemed bond issues since 2010

Issuer		AS ELKO Grupa (Latvia)		Timeline	
Type of bond	Unsecured bonds			Subscription and exchange period	8 – 19 December 2025
Offer type	Private placement with EUR 100,000 minimum subscription				
Issue size	up to EUR 30 million				
Annual coupon rate	7.25%, semi-annual			Issue date (T+2 settlement)	23 December 2025
Maturity date	20 December 2029				
Call Option	@103% after 1Y; @102% after 2Y; @101% after 3Y; @100% 6 months before maturity				
Put Option	In case of Change of Control @101%				
Nominal value	EUR 1,000				
Exchange offer	<ul style="list-style-type: none">Exchange Offer to LV0000870079 bondholders at 1:1 ratio0.75% exchange premiumOnly investors holding min. EUR 100,000 of LV0000870079 shall qualify for the exchange				
Listing	Nasdaq Riga First North (alternative market) within 3 months after the Issue Date				
Use of proceeds	<ul style="list-style-type: none">Refinancing of existing bondsGeneral corporate purposes				
Financial covenants	Calculated on the Consolidated Group basis: <ul style="list-style-type: none">Adjusted Equity ratio¹ of at least 16%Interest Coverage Ratio² of at least 1.5x				
Arranger	Signet Bank AS				

¹Equity + subordinated shareholders' loans to Total Assets excluding IFRS 16 influence

²EBIT / Interest expenses

Risk factors

Risks related to the economic and regulatory environment

- Macroeconomic risk
- Global pandemic risk
- Geopolitical risk related to Russian invasion of Ukraine
- Changes in customs regulations could adversely affect the Group's operations and financial results
- The tax regime of countries in which the Group operate may change

Risks related to the Group's business and the industry

- Dependency on key suppliers
- Risk related to the management of inventory
- Risk of supply and logistics chain disruptions
- Risk related to the warehousing and reliance on logistics partners
- Risk related to the competition within the industry and the risk of new market entrants

- Risk related to the use of financial leverage
- Risk of exchange rate fluctuations and new market currency exposure
- Risk related to extending credit to the Group's customers
- Risk of increase in labour and employment costs
- The loss of one or more key personnel members of the Group could have an adverse effect on its business
- Failure to attract and retain qualified personnel may affect the profitability of the Group's operations
- The international expansion of the Group's business may expose it to unique business risks and challenges
- The Group is exposed to operational risks
- The Group is exposed to IT system and process risk
- Risk of natural disasters and other business disruptions
- Risk of information technology system failures, network disruptions and breaches in data security

Risks related to the notes

- The Issuer may be unable to repay or repurchase the Notes at maturity
- The Notes are unsecured debt instruments
- The Group may incur significant additional debt or grant additional security
- Liquidity risk
- Delisting risk
- Price risk
- Early redemption risk
- Tax risk
- Decisions of Majority Noteholders may affect individual rights of the Noteholders
- Some Noteholders may have more preferential terms than others
- The Issuer is dependent on and may be adversely affected by its Subsidiaries

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