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## ELKO Group is leaving Russia

*ELKO Group, a distributor of IT products and household appliances, has signed an agreement to sell all of its shares in all subsidiaries in Russia and is starting a separation of operational and technical business processes.*

Akciju Sabiedrība "ELKO Grupa" has received permission from all parties involved to divest two subsidiaries in Russia: ООО "ЭЛКО РУС" and ООО "Торговый дом АБСОЛЮТ". The change of ownership was officially registered on April 25, 2022.

Since the beginning of the war in Ukraine, ELKO Group has stopped supplying goods to the Russian market. Following the imposition of international sanctions, and as a result of public pressure, several leading IT manufacturers have also announced that they too will leave the Russian market.

Along with the change of ownership of ELKO Group's subsidiaries in Russia, the transfer of the respective assets and the separation of business processes has started on both an operational and systems level. A transition period has been set for this process, and it will be implemented in several stages over a period of one year.

The risks related to the Russian market will decrease as a result of this transaction, and it will also improve the capitalisation of the balance sheet of ELKO Group. The Group's equity and interest coverage ratios are expected to improve, the share of borrowed funds will decrease, the Russian ruble currency exchange rate risk will be eliminated and total operating expenses will go down. This creates the opportunity for continued business development in other markets.