



**TKM
GRUPP**

TKM Grupp AS Consolidated Interim Report for the Second quarter and first 6 months of 2024

(unaudited)

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COMPANY PROFILE AND CONTACT DETAILS

The primary areas of activity of the companies of the TKM Grupp AS (hereinafter referred to as the 'TKM Group' or 'the Group') include retail and wholesale trade. The Group employs more than 4,700 employees.

The Company is listed on the Nasdaq Tallinn Stock Exchange.

Registered office:	Kaubamaja 1 10143 Tallinn Republic of Estonia
Registry code:	10223439
Beginning of financial year:	1 January 2024
End of financial year:	31 December 2024
Beginning of interim report period:	1 January 2024
End of interim report period:	30 June 2024
Auditor:	PricewaterhouseCoopers AS
Telephone:	372 667 3300
E-mail:	info@tkmgrupp.ee

MANAGEMENT REPORT

Management

In order to manage the Group, the general meeting of the shareholders, held at least once in a year, elects supervisory board, which according to the articles of association may have 3 to 6 members. Members of Group supervisory board are elected for three years. Members of the Group supervisory board are Jüri Kõo (chairman of the supervisory board), Enn Kunila, Kristo Anton, Gunnar Kraft and Meelis Milder. The mandates of supervisory board will expire on 19 May 2027. During the period between the general meetings the supervisory board plans actions of the company, organises management and accomplishes supervision over management actions. Regular supervisory board meetings are held at least 10 times in a year. In order to manage daily activities, the supervisory board appoints member(s) of the management board of the TKM Group in accordance with the Commercial Code. In order to elect a member of the management board, his or her consent is required. By the articles of association, a member of the management board shall be elected for a specified term of three years. Extension of the term of office of a member of the management board shall not be decided earlier than one year before the planned date of expiry of the term of office, and not for a period longer than the maximum term of office prescribed by the articles of association. Currently the management board of Group has one member. The term of office of the management board member Raul Puusepp was extended on 17 February 2023 and his term of office expires on 6 March 2026.

The law, the articles of association, decisions and goals stated by the shareholders and supervisory board are followed for managing the company. By Commercial Code a resolution on amendment of the articles of association shall be adopted, if at least two-third of the votes represented at a general meeting is in favour. A resolution on amendment of the articles of association shall enter into force as of making of a corresponding entry in the commercial register. The Group does not possess several classes of shares.

Structure of the company

The Group is reporting its economic activities under five operating segments as follows.

1. The operating segment of supermarkets is focused on the retail sales of food products and convenience goods.
2. The main area of activity of the department store segment is the retail sales of beauty and fashion products. The segment includes the retail sales of the department stores, as well as the beauty store chain.
3. The car trade segment is focused on the import and sale of cars and car spare parts, as well as sales and after-sales service.
4. The real estate segment is involved with the development, management and maintenance of the real estate owned by the Group and with rental of retail premises.
5. The principal activity of the security segment is the provision of security solutions.

The following companies belong to the Group as of June 30, 2024:

		Shareholding as of 30.06.2024	Shareholding as of 31.12.2023
Selver supermarkets			
Selver AS	Estonia	100%	100%
Kulinaaria OÜ	Estonia	100%	100%
Department stores			
Kaubamaja AS	Estonia	100%	100%
TKM Finants AS	Estonia	100%	100%
OÜ TKM Beauty	Estonia	100%	100%
OÜ TKM Beauty Eesti	Estonia	100%	100%
Rävala Parkla AS	Estonia	50%	50%

	Location	Shareholding as of 30.06.2024	Shareholding as of 31.12.2023
Car trade			
TKM Auto OÜ	Estonia	100%	100%
KIA Auto AS	Estonia	100%	100%
AS Viking Motors	Estonia	100%	100%
SIA Forum Auto	Latvia	100%	100%
Verte Auto SIA	Latvia	100%	100%
Motus auto UAB	Lithuania	100%	100%
Security segment			
Viking Security AS	Estonia	100%	100%
Walde AS	Estonia	100%	100%
Real estate			
TKM Kinnisvara AS	Estonia	100%	100%
OÜ TKM Kinnisvara Tartu	Estonia	100%	100%
SIA TKM Latvija	Latvia	100%	100%
TKM Lietuva UAB	Lithuania	100%	100%

Share market

Since 19 August 1997, the shares of the Group have been listed in the Baltic main list of the Nasdaq Tallinn Stock Exchange and is today the oldest listed company in the Baltics. The Group has issued 40,729,200 registered shares, each with the nominal value of 0.40 euros. The shares are freely transferable, no statutory restrictions apply. There are no restrictions on transfer of securities to the company as provided by contracts between the company and its shareholders. We do not have information about contracts between the shareholders restricting the transfer of securities. NG Investeeringud OÜ has direct significant participation. Shares granting special rights to their owners have not been issued.

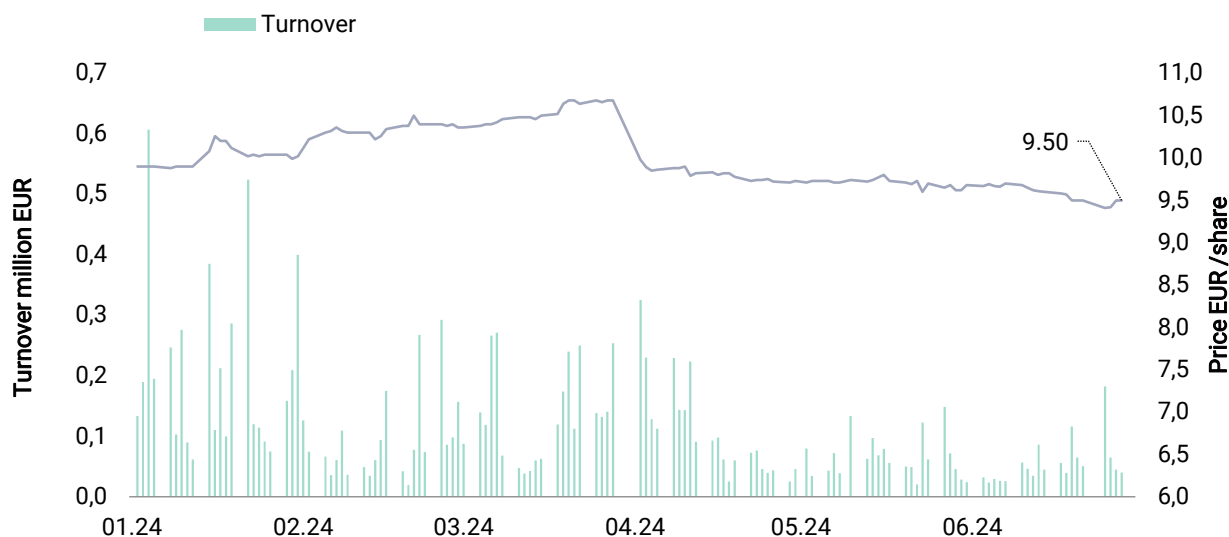
The council of the Group have no right to issue or buy back shares. In addition, there are no commitments between the company and its employees providing for compensation in mergers and acquisitions under article 19' of Stock Market Trade Act.

The share with a price of 9.90 euros at the end of 2023 was closed in the end of June 2024 at the level of 9.50 euros, decreased by 4.0% over the six months.

According to the notice of regular annual general meeting of the shareholders published on 21 February 2024, the management board proposed to pay dividends 0.72 euros per share. The general meeting of shareholders approved it.

Share price and trading statistics on the Nasdaq Tallinn Stock Exchange from 01.01.2024 to 30.06.2024.

In euros



SHARE	Q2/24	Q2/23	H1/24	H1/23
Average number of shares (1000 pcs)	40,729.2	40,729.2	40,729.2	40,729.2
Equity capital per share (EUR/share)	5.95	5.58	5.95	5.58
Share's closing price (EUR/share)	9.50	9.84	9.50	9.84
Earnings per share (EUR/share)	0.24	0.32	0.21	0.33

Risks

The risk of changing consumer behaviour due to several years of economic downturn has materialised. In the face of labour market instability and fears of continued economic decline, consumers have significantly shifted towards more rational and cautious purchasing behaviours. Consequently, consumers are increasingly favouring discounted goods and discounters. The price image of the Group's grocery chain, Selver, is perceived by customers as relatively high compared to competitors, due to its wide assortment that meets the expectations of discerning consumers, even though the price level of basic goods is not higher than that of Selver's direct competitors. Selver has invested in its communications to align the price image of its stores with the actual price levels, but this process requires a longer time to bring about changes in customer behaviour. Additionally, there has been an increase in the volume of ordinary goods theft. The stores are monitored by the Group's professional security segment company, Viking Security, which has extensive experience in retail and employs modern video surveillance technology and expertise to prevent and detect theft early.

In June, the parliament approved a car tax to take effect next year, but the president refused to promulgate the law, citing that it was unconstitutional as it violated the principle of equal treatment concerning persons with disabilities. It is likely that after addressing the relevant deficiencies in the law, it will be adopted later this year and come into force as planned at the beginning of 2025. The law will consist of two parts. The car tax, which would be paid annually by the vehicle owner for vehicles registered in the traffic register, will comprise a base component, a CO₂ emission component, and a total mass component. Secondly, a motor vehicle registration fee will be introduced, payable upon the first registration of the vehicle and its first change of ownership, provided the registration fee has not been previously paid for the vehicle. Depending on the model, the tax will make the acquisition and ownership of passenger cars 3–15% more expensive than currently. The amendments introduced during the legislative process, resulting in the registration tax applying to all vehicles and some relief in the tax rate, are not expected to lead to as abrupt a change in purchasing behaviour as would have been the case with the initial version of the law. As of the time of this report, no significant change in consumer behaviour due to the car tax was observed. The registration fee for the Group's best-selling car models, relative to the car price, would range between 4-5%.

Sustainable entrepreneurship

In the spring, TKM Group participated in the project „Minu Parem Eesti“ (‘My Better Estonia’), where four large Estonian companies (TKM Group, Bolt, LHV, Tele2) collaborated to identify the issues important to the people of Estonia and determine where companies should focus their charitable activities. Partner Card holders were asked to complete a questionnaire to identify Estonia's most pressing societal issues and to suggest how companies should allocate 100,000 euros for charitable purposes. Over 10,300 people participated in the survey, with a gender distribution of 53% women and 47% men. According to anthropologists, such a balanced response is rare, indicating that the project resonated broadly within the community. To gain a deeper understanding of the topics emerging from the survey, anthropologists conducted ten in-depth interviews with consenting respondents. The most prominent issues identified were mental health, professional development for teachers, and the mental health of schoolchildren, followed by elderly care and wellbeing, animal protection and rescue, and the promotion of entrepreneurship and financial literacy within local communities. Although respondents could choose from various fields, nearly 41% focused on a single issue. The in-depth interviews conducted by anthropologists revealed an expectation to concentrate efforts on mental health to achieve a more significant impact. In the autumn, a selection of projects addressing the most voted topics will be made, and one project will receive 100,000 euros in funding. More information about the „Minu Parem Eesti“ (‘My Better Estonia’) project can be found on the website <https://www.minuparemeesti.ee/>.

In 2023, Selver, in collaboration with Esgrid, conducted a sustainability assessment of its fifty largest suppliers. The choice of Esgrid was influenced by its Estonian-language questionnaire, the ability to customise the questionnaire according to Selver's expectations, and user-friendliness. In 2024, Selver will assess all private label suppliers on the Esgrid platform to gain a more comprehensive understanding of their focuses, current status, and future plans. This assessment will facilitate meaningful dialogue and help mitigate potential supply chain risks.

Economic environment

According to Statistics Estonia, the Gross Domestic Product (GDP) decreased by 2.4% in the first quarter of 2024 compared to the same period last year. The Statistics Estonia noted that the economy shows slight signs of improvement, but there were no significant trend changes compared to the fourth quarter of 2023. The largest positive contributions to GDP came from agriculture, forestry, and fishing, while the energy sector and manufacturing had the most substantial negative impacts, followed closely by trade. The latest economic forecast from the Bank of Estonia suggests that the economy will return to growth in the second half of this year, supported by the recovery of foreign market demand, improved purchasing power of households, and the continued strength of the labour market. Lower interest rates will reduce borrowing costs for both businesses and households, providing a stimulus to the economy. While uncertainty is gradually diminishing, it remains at a high level. The consumer price index in Estonia rose by 3.5% in the first six months of the year, with June experiencing the smallest increase in recent years at 2.5%. The slowdown in price growth was most notable in housing-related expenses, particularly in heating energy costs. Conversely, healthcare costs rose by 9.3%, and the prices of alcoholic beverages and tobacco products increased by 7.3% due to higher excise duties. Food and non-alcoholic beverage prices went up by 2.2%, and clothing and footwear prices increased by 3.3% over the six months. The Bank of Estonia forecasts that price growth will hit a low during the summer months and start to accelerate again in the second half of the year, with an annual increase projected at 3.8%. The average gross monthly salary rose by 8.8% in the first quarter of 2024 compared to the same period last year, according to Statistics Estonia. The Bank of Estonia predicts a salary growth of 7.4% for this year, which is nearly double the forecasted inflation rate, potentially supporting an increase in private consumption.

Retail sales volume at current prices in Estonia fell by 2.0% in the first five months of 2024, according to Statistics Estonia. Among the few sectors that continued to grow were the maintenance and repair of motor vehicles (10.1%). Sales of motor vehicles, parts, and accessories dropped by 4.1%. Sales revenue in non-specialised stores (predominantly food) increased by 1.2% in the first five months, although the five-month average volume of sales declined by 2.2%. Due to high inflation, retail sales volumes have been shrinking for nearly two years. The most significant volume declines in the early months of the year were seen in the sales of clothing, footwear, and apparel. Preliminary data indicate that the volume of new passenger car sales in the Baltic region decreased by 9% in the first half of 2024. High car prices, which have grown rapidly in recent years, and still-high interest rates are hindering market recovery. Preliminary data show that 10,216 new passenger cars were sold in Estonia in the first half of 2024, a 16.5% decrease from the previous year. Car sales in Latvia fell by 12%, while in Lithuania, sales remained at the same level as the previous year. The sales volumes of the car brands KIA and Škoda, sold by the Group, increased in the Lithuanian market.

Economic results

Financial ratios

In million euros EUR	Q2/24	Q2/23	Change %	H1/24	H1/23	Change %
Revenue	237.3	242.5	-2.1%	458.8	460.5	-0.4%
Selver supermarkets	150.3	154.5	-2.7%	296.7	301.7	-1.6%
Department stores	25.4	27.0	-5.9%	49.4	51.7	-4.5%
Car trade	54.1	55.9	-3.1%	98.9	97.6	1.4%
Security	5.7	3.5	63.2%	10.3	6.4	61.1%
Real estate	1.8	1.6	8.6%	3.4	3.2	8.4%
<i>Gross profit margin%</i>	<i>27.73%</i>	<i>27.24%</i>	<i>1.8%</i>	<i>27.29%</i>	<i>27.26%</i>	<i>0.1%</i>
EBITDA	23.3	25.3	-7.7%	40.1	43.0	-6.8%
Selver supermarkets	8.6	8.0	7.0%	12.9	12.8	0.6%
Department stores	1.2	2.0	-39.0%	1.0	2.1	-51.2%
Car trade	4.0	5.3	-24.5%	6.9	8.7	-20.9%
Security	0.2	0.2	20.0%	0.3	0.4	-26.2%
Real estate	3.8	4.6	-16.7%	7.9	8.6	-8.7%
IFRS 16	5.5	5.2	5.8%	11.1	10.4	7.1%
<i>margin</i>	<i>9.84%</i>	<i>10.43%</i>	<i>-5.7%</i>	<i>8.73%</i>	<i>9.34%</i>	<i>-6.4%</i>
Operating profit	12.9	15.1	-14.6%	19.0	22.7	-16.4%
<i>margin</i>	<i>5.42%</i>	<i>6.22%</i>	<i>-12.8%</i>	<i>4.14%</i>	<i>4.93%</i>	<i>-16.1%</i>
Net profit	9.9	12.8	-23.2%	8.4	13.4	-37.9%
<i>margin</i>	<i>4.16%</i>	<i>5.30%</i>	<i>-21.5%</i>	<i>1.82%</i>	<i>2.92%</i>	<i>-37.6%</i>
Earnings per share (EUR)	0.24	0.32	-23.2%	0.21	0.33	-37.9%
Key ratios	Q2/24	Q2/23		H1/24	H1/23	
Return on equity (ROE)	4.2%	6.3%		3.6%	6.6%	
Return on assets (ROA)	1.5%	2.2%		1.3%	2.3%	
Quick ratio	1.10	0.89		1.10	0.89	
Debt ratio	0.64	0.64		0.64	0.64	
Inventory turnover (multiplier)	1.81	1.89		3.52	3.59	
Sales revenue per employee (in million euros euros)	0.050	0.052		0.096	0.098	
Average number of employees	4,732	4,656		4,760	4,683	

Return on equity (ROE)

= Net profit / Average owners' equity * 100%

Return on assets (ROA)

= Net profit / Average total assets * 100%

Quick ratio

= Current assets / Current liabilities

Debt ratio

= Total liabilities / Balance sheet total

Inventory turnover (multiplier)

= Cost of goods sold / inventories

Sales revenue per employee

= Sales revenue / Average number of employees

The Group's unaudited consolidated sales revenue for the second quarter of 2024 was 237.3 million euros, 2.1% less than the same period last year. The sales revenue for the first half of the year was 458.8 million euros, a decrease of 0.4% compared to 460.5 million euros in the first half of 2023. The Group's unaudited consolidated net profit for the second quarter of 2024 was 9.9 million euros, which is 23.2% lower than the net profit for the same period last year. The net profit for the first six months of 2024 was 8.4 million euros, a decline of 37.9% compared to the same period last year. Profit before tax for the first half of the year was 13.7 million euros, decreasing by 27.1% compared to the previous year.

The economic results of the Group in the second quarter of 2024 were significantly influenced by the prolonged downturn in the retail sector. Among the Group's major retail segments, the car segment performed the best, achieving a 1.4% increase in sales revenue despite a 9% decline in the Baltic car market in the first half of the year. This growth was driven by a strategic brand selection, with both KIA and Škoda sales volumes increasing in the Baltic market. The security segment also continued to contribute the highest sales growth, expanding both organically and through the acquisition of security companies in the previous year (AS Walde in February 2023, Skarabeus Julgestusteenistus OÜ in July, and Caesari Turvateenistuse AS in August). Although discount campaigns have reduced product sales margins in the challenging economic environment, the Group has managed to maintain its gross profitability at last year's level through the sale of services. Thanks to implemented cost-efficiency measures, operating expenses have remained at the previous year's level. Continuous process optimization has allowed for controlled labour costs. The Group's labour costs increased by 2.0% in the second quarter of 2024, while the number of employees grew by 1.6%. The Group's net profit was negatively impacted by the gradual increase in interest rates on the Group's loans.

To enhance customer convenience, the Group has been investing in the development of e-commerce for a long time. In the first quarter of 2024, the new e-shop of Kaubamaja, built on a new platform, was launched. In the near future, there are plans to add an instalment payment option for Partnerkaart holders. At the end of June, the Food Department of Kaubamaja's Tartu department store was closed for comprehensive renovation. The updated Food Department, featuring modern innovative solutions and technology, is scheduled to reopen in August. Preparations have begun to transition I.L.U. in Lõunakeskus to a new concept, planned for the last quarter of the year. Selver plans to open two new stores this year – in Rocca al Mare Centre in Tallinn and in Raadi, Tartu, with both openings scheduled for the second half of the year. To streamline processes, the Group started developing a central logistics centre in Maardu last year. Major construction works took place in the first half of the year. The logistics centre is expected to be completed in the autumn of 2024. In the car segment, plans are underway to start constructing a KIA start-up showroom on the Bikernieku property in Riga to better support KIA sales. In Tallinn, Viking Motors AS has signed a lease agreement for the former Lānsi Auto OPEL centre in Rae parish, Peetri village, where a KIA flagship store is planned to open in autumn 2024. In Lithuania, TKM Lietuva UAB has announced a construction tender for a new KIA-Škoda multi-brand dealership, with construction expected to start later this year.

The selected business strategy and investment decisions are validated by new records in the number of loyal customers enrolled in the Group's Partnerkaart loyalty program. At the end of the reporting period, the number of loyal customers exceeded 737,000, growing by 3.7% over the year. The share of loyal customers in the Group's turnover was 86.3% in the first half of 2024 (85.3% in the first half of 2023).

As of 30 June 2024, the Group's total assets amounted to 674.4 million euros, a decrease of 3.0% compared to the end of 2023, excluding the impact of IFRS 16.

Selver supermarkets

The consolidated sales revenue of the supermarket business segment for the first half of 2024 was 296.7 million euros, a decrease of 1.6% compared to the previous year. The consolidated sales revenue for the second quarter was 150.3 million euros, decreasing by 2.7% compared to the same period of the previous year. The average monthly sales revenue per square meter of selling space for goods was 0.40 thousand in both the first half and the second quarter of 2024. In 2023, the sales revenue per square meter was 0.43 thousand and 0.44 thousand, respectively. In comparable stores, the sales revenue per square meter was 0.40 thousand in the first half (a change of -6.5%) and 0.41 thousand in the second quarter (a change of -8.5%). A total of 21.7 million purchases were made in stores in the first half of 2024, the same level as last year. The pre-tax profit and net profit for the second quarter of 2024 were both 5.2 million euros, 0.5 million euros higher than in the base period. The consolidated pre-tax profit of the supermarket segment for the first half of the year was 6.2 million euros, remaining relatively stable compared to the same period last year. The net profit for the first half was 4.6 million euros, a decrease of 0.6 million euros compared to the previous year. The difference between net profit and pre-tax profit is due to the income tax on dividends – this year, the dividend tax was 0.5 million euros higher than last year.

The baseline data is affected by the closure of Järve Selver for renovation in March and the preceding clearance sale of the largest store, the closure of WOW Selver ABC in January, and the closure of Punane Selver in May. The baseline data do not include the figures for Kurna Selver, which opened in August 2023.

Selver's sales results have been influenced by the overall situation in the Estonian retail market, where volumes continue to decline, and consumer confidence is weak. Modest additions to selling space and increased discount campaigns have resulted in slower sales revenue growth than the market average. To stimulate customer purchasing activity, Selver has increased the number of discounts offered and has not passed on the increase in VAT to some product prices. In January, a project offering permanently good regular prices was launched, providing customers with around 650 products at very favourable prices. In spring, a targeted campaign, Golden Wednesday, was launched for customers of retirement age, which has been very well received by the target group. The first half-year profit was primarily affected by the reduced turnover of goods and the decreased gross profit from product sales. During the reporting period, the prices of many services and materials increased. Thanks to implemented cost-saving measures, operating expenses remained at the previous year's level. Continuous process optimization has allowed maintaining labour efficiency at last year's level and ensuring moderate wage growth.

Selver plans to open two new stores this year – in Rocca al Mare Centre in Tallinn and in Raadi, Tartu. Both stores are scheduled to open in the second half of the year. The focus remains on the assortment of goods and process optimization. As a responsible company, Selver aims to adopt conscious resource use and contribute to sustainable development in all its activities. A sustainable development strategy has been developed to guide daily operations. As a company valuing openness and transparency, Selver has published its obligations and goals on its website. Selver's focus is on reducing greenhouse gas emissions, increasing waste recycling, reducing food waste, packaging and packaging use, short supply chains, and fast and convenient digital solutions. In the culinary products field, active product development continues, aiming to offer customers many new flavours, with significant attention to reducing salt, sugar, and fat content. Two Selveri Köök products were recognised at the Estonian Best Food Product 2024 competition: blueberry-yogurt cream meringue cake and whole-grain oat porridge.

As of the end of June, the supermarket segment includes 71 Selver stores, 2 Delice stores, a mobile store, and a café, with a total sales area of 120.2 thousand square meters. There is also e-Selver – the e-store with the largest service area in Estonia – as well as the central kitchen of Kulinaaria OÜ.

Department stores

The department store segment's sales revenue for the first six months of 2024 was 49.4 million euros, a decline of 4.5% compared to the same period last year. Sales revenue for the second quarter was 25.4 million euros, down by 5.9% from the previous year. The pre-tax loss for the department store segment for the first six months of 2024 was 1.0 million euros, which was 1.2 million euros lower than the result for the same period last year. The pre-tax profit for the second quarter was 0.2 million euros. The pre-tax profit decreased by 0.8 million euros.

The average monthly sales revenue per square meter of selling space for the Kaubamaja department stores over the six months was 0.30 thousand euros, 5.7% lower than the same period last year. The economic slowdown that began towards the end of the fourth quarter of last year continued into the first half of this year, resulting in a more aggressive winter discount campaign compared to the previous year, which impacted the Kaubamaja department stores' performance. It is also important to note that the base for the first quarter of last year was very strong, with double-digit growth rates. The performance of the Kaubamaja Tallinn department store was negatively affected in the second quarter by the ongoing construction of the Vanasadama tram line in Tallinn city centre and the closure of the Viru Centre bus terminal, significantly reducing foot traffic. In the first quarter, Kaubamaja launched a new e-commerce platform, significantly enhancing customer usability and incorporating an AI-based recommendation engine to improve sales results. The new platform integrates seamlessly with physical stores, featuring pre-shopping, fast delivery, and the option to order online and pay in-store, or vice versa.

The sales revenue of OÜ TKM Beauty Eesti, which operates I.L.U. cosmetic stores, was 1.9 million euros in the second quarter of 2024, a 2.0% increase compared to the same period in 2023. The profit for the second quarter of 2024 was 0.02 million euros, 0.05 million euros less than the comparable period in 2023. The sales revenue for the first half of 2024 was 3.9 million euros, an increase of 8.9% compared to the same period in 2023. The profit for the first half of 2024 was 0.04 million euros, 0.06 million euros less than the result for the comparable period in 2023. The successful marketing campaigns drove the quarter's sales results, but the overall economic situation led customers to focus on purchasing promotional products, which put pressure on sales margins. Preparations began to transition the I.L.U. store in Lõunakeskus to a new concept, scheduled for the last quarter of the year.

Car trade

The car segment's sales revenue for the first half of 2024 was 98.9 million euros, a 1.4% increase compared to the same period last year. Sales revenue for the second quarter was 54.1 million euros, a 3.1% decrease compared to the second quarter of 2023. A total of 3,171 new vehicles were sold in the first half of the year, the same number as in the previous year. In the second quarter, 1,822 new vehicles were sold. The pre-tax profit for the segment in the first half of 2024 was 5.6 million euros, 2.1 million euros lower than the result for the previous year. The pre-tax profit

for the second quarter of 2024 was 3.3 million euros, 1.4 million euros lower than the same period last year.

The Baltic car market as a whole is experiencing deeper volume declines compared to other retail sectors. Preliminary data indicates a 9% decrease in new car sales volume in the Baltic region. The largest decline was seen in the Estonian market (-17%), while new car sales in Lithuania remained at the previous year's level. The introduction of a car tax in Estonia has not significantly accelerated purchasing decisions among customers. Discount campaigns, driven by the market downturn, have put pressure on sales margins, being a primary reason for the decline in profit. Additionally, the start-up costs of the Group's Lithuanian auto company, Motus Auto UAB's Škoda dealership, which opened earlier this year, negatively impacted profits. The car segment's profit was supported by growing sales of spare parts, after-sales services, and bodywork, thanks to an increasing car fleet.

Despite the downturn in the car market, the KIA brand, imported by the Group, shows positive growth numbers. To further support KIA sales, the Group plans to start constructing a KIA start-up showroom on the Bikernieku property in Riga to ensure presence in that district. In Tallinn, Viking Motors AS signed a lease agreement for the former Länsi Auto OPEL centre in Rae parish, Peetri village, with plans to open a KIA flagship store in autumn 2024. In Lithuania, TKM Lietuva UAB announced a construction tender for a new KIA-Škoda multi-brand dealership, with construction expected to start later this year.

Security segment

The outside the Group sales revenue of the security segment for the second quarter of 2024 was 5.7 million euros, reflecting a 63.2% increase compared to the same period last year. The segment's pre-tax profit for the second quarter was 0.04 million euros, 0.01 million euros lower than the result for the same period last year. The outside the Group sales revenue of the security segment for the first half of 2024 was 10.3 million euros, a 61.1% increase compared to the same period last year. The proportion of outside the Group sales in total sales was 76% in the first half of the year. The pre-tax loss for the segment in the first half of 2024 was 0.1 million euros, 0.2 million euros lower than the result for the same period last year.

The company's performance improved in the second quarter compared to the beginning of the year, achieving profitability. Sales growth was supported by both the addition of merged companies' revenues and continued strong organic growth. Post-merger synergies have begun to emerge, although several changes are still in progress. The negative impact of the economic environment remains evident in increased customer insolvency and declining margins. The most significant negative impact was in the security technology sector, although the outlook for the second half of the year shows a positive trend.

Real estate

The sales revenue earned in the real estate segment outside the Group was 3.4 million euros for the first half of 2024, an 8.4% increase compared to the same period last year. The sales revenue earned in the real estate segment outside the Group was 1.8 million euros for the second quarter, an 8.6% increase compared to the previous year. The pre-tax profit for the real estate segment in the first half of 2024 was 3.9 million euros, a decrease of 28.1%. The pre-tax profit for the second quarter was 1.7 million euros, a 42.1% decrease compared to the same period last year.

The growth in sales revenue for the first half of the year was supported by a revitalised commercial rental market in the centres. The general uncertainty associated with the crises of recent years has somewhat diminished, which is reflected in the stabilisation of visitor numbers to the centres. However, the visitor traffic to commercial spaces in central Tallinn has decreased due to ongoing street reconstruction work in the surrounding area. The segment's sales revenue was also boosted by a car wash, which was completed in May last year as an extension to the petrol station rented to an external party near Peetri Selver. Several solar parks were completed last year, covering part of the electricity needs of the rented business buildings, thereby contributing to the sales revenue growth of the Group's real estate segment.

The segment's profit continues to be significantly impacted by the rising cost of borrowing due to the tightening of monetary policy. The increase in interest rates that began at the end of 2022 has gradually affected the segment's interest expenses. Most of the Group's loan portfolio is concentrated in this segment, which has grown during the reporting period due to the development of the logistics centre. TKM Kinnisvara AS became the first privately owned Estonian company to sign a 16.1 million euros loan agreement with the Nordic Investment Bank (NIB). The modern A-energy class logistics centre building will be constructed in accordance with BREEAM certification and EU taxonomy requirements. The centre will have a total area of 17,200 square meters and will cost approximately 20 million euros to build. A solar energy park will be installed on the roof of the logistics centre, covering a significant portion of the building's electricity consumption. The logistics centre is scheduled to be completed in the autumn of 2024. The decrease in the segment's profit for the second quarter of 2024 compared to the previous year was due to a one-time compensation reflected in the second quarter of 2023 related to the early termination of a lease agreement.

TKM Kinnisvara AS has started cooperating with Kohila Municipality to potentially develop a commercial building on a property located in the Härjaoja area of Kohila. The cooperation agreement initially involves identifying the possibilities for constructing a store building. The project is in its early stages, and more details will be clarified after the road network, planning, and development plans for the area are approved. Renovation work began on the ground floor of the Tartu Kaubamaja centre, giving a fresh look to the Kaubamaja Food Department and common areas. Several tenants in the centre are also updating their sales environments.

Personnel

The Group's average number of employees in the first half of 2024 was 4,760, an increase of 1.7% compared to the same period in 2023. Total salary costs (including wages and social security expenses) for the first six months of 2024 were 54.7 million euros, a 3.7% increase compared to the same period last year. In the second quarter, labour costs increased by 2.0% compared to the previous year, while the average number of employees grew by 1.6%.

Approval of the chairman of the management board and signature to the report

The chairman of the management board confirms that the management report gives a true and fair overview of the most important events during the reporting period and their effects on the accounting report; it includes a description of the main risks and uncertainties during the remaining financial year and reflects transactions with related parties.



Raul Puusepp
Chairman of the Management Board

Tallinn, 10 July 2024

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT BOARD'S CONFIRMATION TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Chairman of the Management Board confirms the correctness and completeness of TKM Grupp AS condensed consolidated interim financial statements (unaudited) for the period of second quarter and first 6 months of 2024 as set out on pages 14-37.

The Chairman of the Management Board confirms that:

1. the accounting policies used in preparing the interim financial statements are in compliance with International Financial Reporting Standard as adopted in the European Union;
2. the interim financial statements give a true and fair view of the financial position, the results of the operations and the cash flows of the Parent and the Group;
3. TKM Grupp AS and its subsidiaries are going concerns.



Raul Puusepp
Chairman of the Management Board

Tallinn, 10 July 2024

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros

	Note	30.06.2024	31.12.2023
ASSETS			
Current assets			
Cash and cash equivalents	2	24,771	42,064
Trade and other receivables	3	25,228	25,568
Inventories	5	94,754	98,254
Total current assets		144,753	165,886
Non-current assets			
Long-term receivables and prepayments	8	245	243
Investments in associates	7	1,865	1,732
Investment property	9	65,033	64,971
Property, plant and equipment	10	437,142	433,306
Intangible assets	11	25,370	25,370
Total non-current assets		529,655	525,622
TOTAL ASSETS		674,408	691,508
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings	12	27,281	48,820
Trade and other payables	13	104,220	114,573
Total current liabilities		131,501	163,393
Non-current liabilities			
Borrowings	12	294,635	258,857
Deferred tax liabilities	14	5,356	5,356
Provisions for other liabilities and charges		508	526
Total non-current liabilities		300,499	264,739
TOTAL LIABILITIES		432,000	428,132
Equity			
Share capital	15	16,292	16,292
Statutory reserve capital		2,603	2,603
Revaluation reserve		113,521	116,521
Retained earnings		109,992	127,960
TOTAL EQUITY		242,408	263,376
TOTAL LIABILITIES AND EQUITY		674,408	691,508

The notes presented on pages 19 to 37 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In thousands of euros

	Note	II quarter 2024	II quarter 2023	6 months 2024	6 months 2023
Revenue	16	237,323	242,465	458,826	460,548
Other operating income		341	528	550	860
Cost of merchandise	5	-171,511	-176,409	-333,601	-334,982
Service expenses	17	-14,956	-14,230	-30,218	-30,125
Staff costs	18	-27,398	-26,869	-54,692	-52,721
Depreciation, amortisation and impairment losses	10,11	-10,467	-10,212	-21,077	-20,278
Other expenses		-458	-190	-790	-583
Operating profit		12,874	15,083	18,998	22,719
Finance income		76	15	329	16
Finance costs		-3,142	-2,291	-5,790	-4,097
Finance income on shares of associates accounted for using the equity method	7	61	41	133	110
Profit before tax		9,869	12,848	13,670	18,748
Income tax expense	15	-1	-1	-5,313	-5,301
NET PROFIT FOR THE FINANCIAL YEAR		9,868	12,847	8,357	13,447
Other comprehensive income: <i>Items that will not be subsequently reclassified to profit or loss</i>					
Other comprehensive income for the financial year		0	0	0	0
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		9,868	12,847	8,357	13,447
Basic and diluted earnings per share (euros)	19	0.24	0.32	0.21	0.33

Net profit and total comprehensive income are attributable to the owners of the parent.

The notes presented on pages 19 to 37 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

In thousands of euros

	Note	6 months 2024	6 months 2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit		8,357	13,447
Adjustments:			
Income tax on dividends	15	5,313	5,299
Interest expense		5,790	4,097
Interest income		-329	-16
Depreciation, amortisation	10, 11	21,057	20,195
Loss on write-off property, plant and equipment	10	20	83
Profit/loss on sale of property, plant and equipment	10	241	-15
Effect of equity method	7	-133	-110
Interest paid on lease liabilities	12	-2,119	-1,747
Change in inventories		2,659	-4,607
Change in receivables and prepayments related to operating activities		342	4,613
Change in liabilities and prepayments related to operating activities		-10,268	-11,950
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		30,930	29,289
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	10	-16,146	-11,973
Proceeds from sale of property, plant and equipment	10	1,936	142
Purchase of investment property	9	-62	-237
Purchase of intangible assets	11	-1,228	-819
Business combination	6	0	-596
Cash acquired from business combination	6	0	52
Dividends received		0	130
Interest received		329	16
TOTAL CASH FLOWS USED IN INVESTING ACTIVITIES		-15,171	-13,285
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	12	25,294	30,488
Repayments of borrowings	12	-8,062	-11,298
Change in overdraft balance	12	-2,765	-649
Payments of principal or leases	12	-9,020	-8,654
Dividends paid	15	-29,324	-27,695
Income tax on dividends paid	15	-5,312	-5,299
Interest paid		-3,863	-2,386
TOTAL CASH FLOWS USED IN FINANCING ACTIVITIES		-33,052	-25,493
TOTAL CASH FLOWS		-17,293	-9,489
Cash and cash equivalents at the beginning of the period	2	42,064	22,436
Cash and cash equivalents at the end of the period	2	24,771	12,947
Net change in cash and cash equivalents		-17,293	-9,489

The notes presented on pages 19 to 37 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

In thousands of euros

	Share capi- tal	Statutory reserve capital	Revaluation reserve	Retained earnings	Total
Balance as of 31.12.2022	16,292	2,603	106,981	115,783	241,659
Net profit for the reporting period	0	0	0	13,447	13,447
Total comprehensive loss for the reporting period	0	0	0	13,447	13,447
Reclassification of depreciation of revalued land and buildings	0	0	-1,231	1,231	0
Dividends paid	0	0	0	-27,696	-27,696
Total transactions with owners	0	0	0	-27,696	-27,696
Balance as of 30.06.2023	16,292	2,603	105,750	102,765	227,410
Net profit for the reporting period	0	0	0	37,424	37,424
Revaluation of land and buildings	0	0	11,989	0	11,989
Total comprehensive income for the reporting period	0	0	11,989	37,424	49,413
Reclassification of depreciation of revalued land and buildings	0	0	-2,449	2,449	0
Dividends paid	0	0	0	-27,696	-27,696
Total transactions with owners	0	0	0	-27,696	-27,696
Balance as of 31.12.2023	16,292	2,603	116,521	127,960	263,376
Net loss for the reporting period	0	0	0	8,357	8,357
Total comprehensive loss for the reporting period	0	0	0	8,357	8,357
Reclassification of depreciation of revalued land and buildings	0	0	-3,000	3,000	0
Dividends paid	0	0	0	-29,325	-29,325
Total transactions with owners	0	0	0	-29,325	-29,325
Balance as of 30.06.2024	16,292	2,603	113,521	109,992	242,408

Additional information on share capital and changes in equity is provided in Note 15.

The notes presented on pages 19 to 37 form an integral part of these consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM ACCOUNTS

Note 1. Accounting Principles Followed upon Preparation of the Condensed consolidated Interim Accounts

General Information

TKM Grupp AS ('the Company') and its subsidiaries (jointly 'TKM Group' or 'the Group') are companies engaged in rendering services related to retail sale and rental activities in Estonia, Latvia and Lithuania. TKM Grupp AS is a company registered on 18 October 1994 in the Republic of Estonia with the legal address of Kaubamaja 1, Tallinn. The shares of TKM Grupp AS are listed on the NASDAQ Tallinn Stock Exchange. The majority shareholder of TKM Grupp AS is OÜ NG Investeeringud, the majority owner of which is NG Kapital OÜ. NG Kapital OÜ is an entity with ultimate control over TKM Grupp AS.

Basis for Preparation

The Condensed Consolidated Interim Accounts of TKM Group has been prepared in accordance with the International Financial Reporting Standard IAS 34 Interim Financial Reporting as adopted by the European Union. The condensed consolidated interim financial statements do not contain all the information that has to be presented in the annual financial statements and they should be read in conjunction with the Group's consolidated financial statements as at and for the year ended 31 December 2023. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The presentation currency of TKM Group is euro. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of each of the Group's entities is euro. All amounts disclosed in the financial statements have been rounded to the nearest thousand unless referred to otherwise.

The Manager is of the opinion that the Condensed Consolidated Interim Report of TKM Group for the second quarter and first 6 months of 2024 gives a true and fair view of the Company's performance in accordance with the going-concern concept.

This Condensed Consolidated Interim Report has not been audited or otherwise reviewed by auditors.

Note 2. Cash and cash equivalents

in thousands of euros

	30.06.2024	31.12.2023
Cash on hand	1,033	1,261
Bank accounts	22,966	3,252
Overnight deposit	0	36,088
Cash in transit	772	1,463
Total cash and cash equivalents	24,771	42,064

Note 3. Trade and other receivables

in thousands of euros

	30.06.2024	31.12.2023
Trade receivables (Note 4)	20,208	22,456
Other short-term receivables	1,137	286
Total financial assets from balance sheet line "Trade and other receivables"	21,345	22,742
Prepayment for goods	2,055	1,619
Other prepaid expenses	1,725	1,150
Prepaid rental expenses	12	17
Prepaid taxes (Note 14)	91	40
Total trade and other receivables	25,228	25,568

Note 4. Trade receivables

in thousands of euros

	30.06.2024	31.12.2023
Trade receivables	18,276	19,355
Allowance for doubtful receivables	-147	-151
Receivables from related parties (Note 20)	633	542
Credit card payments (receivables)	1,446	2,710
Total trade receivables	20,208	22,456

Note 5. Inventories

in thousands of euros

	30.06.2024	31.12.2023
Goods purchased for resale	93,974	97,478
Tare and materials	780	776
Total inventories	94,754	98,254

The income statement line "Cost of merchandise" includes the allowances and write-off expenses of inventories and inventory stocktaking deficit as follows:

in thousands of euros

	II quarter 2024	II quarter 2023	6 months 2024	6 months 2023
Write-down and write-off of inventories	3,069	2,899	6,542	5,752
Inventory stocktaking deficit	1,162	1,186	1,701	1,967
Total materials and consumables used	4,231	4,085	8,243	7,719

Aging of inventory and seasonal nature of fashion items is used as basis for write down of inventories.

Note 6. Subsidiaries

TKM Group consists of:

Name	Location	Area of activity	Ownership 30.06.2024	Year of acquisition or foundation
Selver AS	Estonia, Tallinn	Retail trade	100%	1995
TKM Kinnisvara AS	Estonia, Tallinn	Real estate management	100%	1999
TKM Kinnisvara Tartu OÜ	Estonia, Tartu	Real estate management	100%	2004
SIA TKM Latvija	Latvia, Riga	Real estate management	100%	2006
TKM Auto OÜ	Estonia, Tallinn	Commercial and finance activities	100%	2007
KIA Auto AS	Estonia, Tallinn	Wholesale trade	100%	2007
Forum Auto SIA	Latvia, Riga	Retail trade	100%	2007
Motus Auto UAB	Lithuania, Vilnius	Retail trade	100%	2007
TKM Beauty OÜ	Estonia, Tallinn	Retail trade	100%	2007
TKM Beauty Eesti OÜ	Estonia, Tallinn	Retail trade	100%	2007
Kaubamaja AS	Estonia, Tallinn	Retail trade	100%	2012
Kulinaaria OÜ	Estonia, Tallinn	Centre kitchen activities	100%	2012
Viking Motors AS	Estonia, Tallinn	Retail trade	100%	2012
Viking Security AS	Estonia, Tallinn	Security activities	100%	2014
UAB TKM Lietuva	Lithuania, Vilnius	Real estate management	100%	2017
Verte Auto SIA	Latvia, Riga	Retail trade	100%	2017
TKM Finants AS	Estonia, Tallinn	Commercial and finance activities	100%	2020
Walde AS	Estonia, Tallinn	Security activities	100%	2023

Business combinations in 2023:

Name	Location	Area of activity	Acquisition date	Ownership %
AS Walde	Estonia	Security activities	15.02.2023	100%
Skarabeus Julgestusteenistus OÜ	Estonia	Security activities	13.07.2023	100%
Caesar Turvateenistuse AS	Estonia	Security activities	16.08.2023	100%

TKM Grupp AS acquired on 15.02.2023 year 100% of the shares of AS Walde. AS Walde is a wholesaler of security systems, which is a certified distributor of 2N Telekomunikace, Honeywell and Anixter equipment, among others.

The acquisition of the shareholding of AS Walde enables TKM Group to further strengthen its field of security services, which has been one of the TKM Group's fastest growing business lines in recent years. The business of AS Walde will continue in its current form, and there will be no changes in the composition of AS Walde employees in connection with the transaction.

The table below provides an overview of acquired identifiable assets and liabilities of AS Walde at the time of acquisition.

in thousands of euros	Fair value 28.02.2023
Cash and cash equivalents	52
Trade receivables	300
Inventories	349
Property, plant and equipment	23
Trademark (Note 11)	153
Liabilities	-132
Total identifiable net assets	745
Consideration of ownership interest	745
Paid for ownership interest in cash	596
Payable in future for the ownership interest in cash	149
Cash and cash equivalents in the acquired entity	-52
Net outflow of cash – investing activities	-544
Payable in future for the ownership interest in cash	149

Trademark 153 thousand euros was acquired (Note 11).

TKM Grupp AS subsidiary Viking Security AS acquired on 13.07.2023 100% of the shares of Skarabeus Julgestusteenistus OÜ. Skarabeus Julgestusteenistus OÜ is a nationwide security company with departments in Tallinn, Tartu, Pärnu and Central Estonia that provides manned guarding, patrol and technical surveillance services. The acquisition of Skarabeus Julgestusteenistus OÜ enables Viking Security AS to strengthen its business in all areas of activity.

The table below provides an overview of acquired identifiable assets and liabilities of Skarabeus Julgestusteenistus OÜ at the time of acquisition.

in thousands of euros	Fair value 30.06.2023
Cash and cash equivalents	6
Trade receivables	275
Other receivables	15
Inventories	25
Property, plant and equipment	371
Liabilities	-697
Total identifiable net assets	-5
Consideration of ownership interest	1,622
Goodwill (Note 11)	1,627
Paid for ownership interest in cash	1,316
Payable in future for the ownership interest in cash	306
Cash and cash equivalents in the acquired entity	-6
Net outflow of cash – investing activities	-1,310
Payable in future for the ownership interest in cash	306

Goodwill 1,627 thousand euros was acquired (Note 11).

TKM Grupp AS subsidiary Viking Security AS acquires 100% of the shares of Caesari Turvateenistuse AS. Caesari Turvateenistuse AS is one of the oldest security companies established in Estonia, which has provided security services since 1994. The company provides manned guarding, patrol and technical surveillance services as well as construction and maintenance of security systems in Harju County. The acquisition of Caesari Turvateenistuse AS further strengthens Viking Security AS' business in different areas of activity.

The table below provides an overview of acquired identifiable assets and liabilities of Caesari Turvateenistuse AS at the time of acquisition.

in thousands of euros	Fair value 31.08.2023
Cash and cash equivalents	13
Trade receivables	34
Inventories	17
Property, plant and equipment	5
Liabilities	-140
Total identifiable net assets	-71
Consideration of ownership interest	482
Goodwill (Note 11)	553
Paid for ownership interest in cash	416
Payable in future for the ownership interest in cash	66
Cash and cash equivalents in the acquired entity	-13
Net outflow of cash – investing activities	-403
Payable in future for the ownership interest in cash	66

Goodwill 553 thousand euros was acquired (Note 11).

To increase efficiency, the plan is to merge the activities of Skarabeus Julgestusteenistus OÜ and Caesari Turvateenistuse AS in the group that are involved in security business. Both Skarabeus Julgestusteenistus OÜ and Caesari Turvateenistuse AS (companies to be acquired) merged into Viking Security AS (acquiring company). The merger agreement related to the above-mentioned merger was signed on 26.09.2023. The merger registered in the Commercial Registry 13 December 2023.

The merged company will continue providing high-quality security services. The resulting synergy will allow us to provide our clients with increasingly better and perfected solutions and continue the successful growth of the company thus far.

In 2024, there were no business combinations.

Note 7. Investments in associates

in thousands of euros

TKM Grupp AS has ownership of 50% (2023: 50%) interest in the entity AS Rävåla Parkla which provides the services of a parking house in Tallinn. The investment has been classified as associated company because the other owner has the power to appoint the members of supervisory board.

	30.06.2024	31.12.2023
Investment in the associate at the beginning of the year	1,732	1,722
Profit for the reporting period under equity method	133	240
Dividends received	0	-230
Investment in the associate at the end of the accounting period	1,865	1,732

Financial information about the associate Rävåla Parkla AS (reflecting 100% of the associate):

	30.06.2024	31.12.2023
Current assets	423	138
Property, plant and equipment	3,369	3,388
Current liabilities	59	59
Owners' equity	3,733	3,467

	II quarter 2024	II quarter 2023	6 months 2024	6 months 2023
Revenue	142	138	285	248
Net profit	125	80	248	195

Note 8. Long-term receivables and prepayments

in thousands of euros

	30.06.2024	31.12.2023
Prepaid rental expenses	206	205
Deferred tax asset	37	37
Other long-term receivables	2	1
Total long-term trade and other receivables	245	243

Note 9. Investment property

in thousands of euros

in thousands of euros

Carrying value as at 31.12.2022	63,623
Purchases and improvements	896
Net profit from fair value adjustment	452
Carrying value as at 31.12.2023	64,971
Purchases and improvements	62
Carrying value as at 30.06.2024	65,033

Investment properties comprise with commercial buildings and constructions in progress in Estonia and Latvia, which the Group maintains predominantly for earning rental income and which are partially classified as investment properties and partially as property, plant and equipment.

The cost of investments for the 6 months of 2024 amounted to 62 thousand euros (2023: 896 thousand euros).

During the reporting period, construction work was carried out on the Estonian real estate object in the Viimsi Centre in the amount of 7 thousand euros and renovation work in the Tartu Kaubamaja Centre in the amount of 55 thousand euros.

In 2023, construction works on the roof of the building for the establishment of a solar energy production park and renovation of sports club of the Estonian real estate object in the Viimsi centre amounted to 341 thousand euros. Renovation works were carried out in Tartu Kaubamaja centre in the amount of 161 thousand euros. In Rae County, Raudkivi tee 1, opening of car wash amounted to 394 thousand euros.

No fair value change of investment property was identified in 2024.

Note 10. Property, plant and equipment

in thousands of euros

	Land and buildings	Right-of use-assets: retail properties	Machinery and equipment	Other fixtures and fittings	Construction and projects in progress	Total
31.12.2022						
Cost or revalued amount	204,394	231,984	66,127	55,761	23,389	581,655
Accumulated depreciation and impairment	-5,756	-69,848	-38,933	-37,659	-8,859	-161,055
Carrying value	198,638	162,136	27,194	18,102	14,530	420,600
Changes occurred in 2023						
Purchases and improvements	7,264	0	8,904	7,101	772	24,041
Acquired through business combinations (Note 6)	0	0	270	16	0	286
Addition to right-of use assets	0	10,307	0	0	0	10,307
Other reclassifications	0	0	273	0	0	273
Reclassification to intangible assets (Note 11)	0	0	0	0	-1	-1
Reclassification to inventory	0	0	-360	0	0	-360
Reclassification to property, plant and equipment from inventory	0	0	1,871	1	15	1,887
Disposals	-30	0	-432	-6	0	-468
Write-offs	-87	0	-75	-70	0	-232
Decrease/increase in value through profit or loss	718	0	0	0	-112	606
Increase in value through revaluation reserve	11,989	0	0	0	0	11,989
Adjustment to right-of use assets	0	4,821	0	0	0	4,821
Depreciation	-6,942	-19,679	-7,186	-6,636	0	-40,443
31.12.2023						
Cost or revalued amount	211,550	247,112	73,723	59,922	24,175	616,482
Accumulated depreciation and impairment	0	-89,527	-43,264	-41,414	-8,971	-183,176
Carrying value	211,550	157,585	30,459	18,508	15,204	433,306
Changes occurred in 2024						
Purchases and improvements	192	0	789	2,037	13,128	16,146
Other reclassifications	0	0	84	0	0	84
Reclassification from intangible assets (Note 11)	0	0	0	0	864	864
Reclassification to inventory	0	0	-211	0	0	-211
Reclassification to property, plant and equipment from inventory	0	0	1,089	1	-39	1,051
Disposals	-1,887	0	-289	-1	0	-2,177
Write-offs	0	0	-18	-2	0	-20
Adjustment to right-of use assets	0	8,792	0	0	0	8,792
Depreciation	-3,686	-9,997	-3,796	-3,214	0	-20,693
30.06.2024						
Cost or revalued amount	209,693	255,904	74,657	61,669	38,128	640,051
Accumulated depreciation and impairment	-3,524	-99,524	-46,550	-44,340	-8,971	-202,909
Carrying value	206,169	156,380	28,107	17,329	29,157	437,142

The cost of investments for the 6 months of 2024 amounted to 17,374 thousand euros (including purchases of property, plant and equipment in the amount of 16,146 thousand euros and purchases of intangible assets amounted to 1,228 thousand euros).

The cost of purchases of property, plant and equipment made in reporting period in the supermarkets business segment was 1,864 thousand euros. During the reporting period, computing equipment was purchased, the store fittings and security devices were renewed.

The cost of purchases of property, plant and equipment in the business segment of department stores amounted to 748 thousand euros. During the reporting period, renovation works were started at Tartu Kaubamaja, during which

Kaubamaja Toidumaailm will be fully renovated and the general areas of the 0th floor and the commercial areas of the third floor will get a new look.

The cost of purchases of property, plant and equipment in the reporting period was 498 thousand euros in the car trade business segment.

The cost of purchases of property, plant and equipment in the reporting period was 213 thousand euros in the security business segment.

The cost of purchases of property, plant and equipment in the real estate business segment amounted to 12,823 thousand euros. During the reporting period, construction works has been made of the logistics centre in Paemurru tn.1, Maardu. The logistics centre will serve the cargo volumes of TKM Group, especially its subsidiary Selver AS. In addition, real estate companies have made investments for more accurate measurement and management of the energy consumption of technical systems.

TKM Kinnisvara AS, a subsidiary of TKM Grupp AS, is planning to build a logistics centre with a gross area of 17,200 m² on its immovable property located at 1 Paemurru Street in the city of Maardu. On 2023 August TKM Kinnisvara AS and AS Merko Ehitus Eesti signed a contract for the construction of the logistics centre. The value of the contract is approximately 20 million euros plus VAT. The building is scheduled to be completed in autumn 2024.

Note 11. Intangible assets

in thousands of euros

	Goodwill	Trademark	Beneficial agreements	Capitalised development expenditure	Total
31.12.2022					
Cost	16,869	2,091	120	5,355	24,435
Accumulated amortisation and impairment	0	-863	-31	-1,818	-2,712
Carrying value	16,869	1,228	89	3,537	21,723
Changes occurred in 2023					
Purchases and improvements	0	0	0	1,905	1,905
Acquired through business combinations (Note 6)	2,180	153	0	111	2,444
Reclassification to property, plant and equipment	0	0	0	-2	-2
Reclassification from property, plant and equipment (Note 10)	0	0	0	1	1
Amortisation	0	-291	-18	-392	-701
31.12.2023					
Cost	19,049	2,243	120	7,430	28,842
Accumulated amortisation and impairment	0	-1,153	-49	-2,270	-3,472
Carrying value	19,049	1,090	71	5,160	25,370
Changes occurred in 2024					
Purchases and improvements	0	0	0	1,228	1,228
Reclassification to property, plant and equipment (Note 10)	0	0	0	-864	-864
Amortisation	0	-147	-9	-208	-364
30.06.2024					
Cost	19,049	2,243	120	7,794	29,206
Accumulated amortisation and impairment	0	-1,300	-58	-2,478	-3,836
Carrying value	19,049	943	62	5,316	25,370

In the reporting period, the Group capitalised costs of a web page update, loyalty card web page update, loyalty card - Monthly Card, e-shop as development expenditure and development of services were in the amount of 1,228 thousand euros (2023: 1,905 thousand euros).

Trademark at value of 180 thousand euros was acquired in 2014 through purchase of Viking Security AS shares. Trademark will be amortised during 7 years. Trademark has been fully amortised in 2021, but its use will continue.

Trademark at value of 1,911 thousand euros was acquired in 2020 through purchase of ABC Supermarkets AS shares. Trademark will be amortised during 7 years.

In 2021, Viking Security AS acquired from P.Dussmann Eesti OÜ its security services business in Estonia together with the assets and agreements belonging to it. Beneficial agreements at value of 120 thousand euros was acquired together with security services business. Beneficial agreements will be amortised during 7 years.

Trademark at value of 153 thousand euros was acquired in 2023 through purchase of AS Walde shares. Trademark will be amortised during 7 years.

Goodwill is allocated to cash generating units of the Group by the following segments:

in thousands of euros	30.06.2024	31.12.2023
Supermarkets	13,609	13,609
Car trade	3,156	3,156
Security	2,284	2,284
Total	19,049	19,049

The recoverable amount (based on value in use) was determined based on future cash flows for the next five years. In all units, it was evident that the present value of cash flows covers the value of goodwill and trademark as well as beneficial lease agreements and other assets related to the unit.

Note 12. Borrowings

in thousands of euros	30.06.2024	31.12.2023
Short-term borrowings		
Overdraft	4,596	7,361
Bank loans	9,349	16,126
Lease liabilities	8,422	18,722
Other borrowings	4,914	6,611
Total short-term borrowings	27,281	48,820

in thousands of euros	30.06.2024	31.12.2023
Long-term borrowings		
Bank loans	115,869	92,712
Lease liabilities	160,686	150,614
Other borrowings	18,080	15,531
Total long-term borrowings	294,635	258,857
Total borrowings	321,916	307,677

Borrowings received

in thousands of euros

	II quarter 2024	II quarter 2023	6 months 2024	6 months 2023
Overdraft	2,308	0	0	0
Bank loans	16,100	14,043	20,065	25,421
Other borrowings	3,786	3,894	5,229	5,067
Total borrowings received	22,194	17,937	25,294	30,488

Borrowings paid

in thousands of euros

	II quarter 2024	II quarter 2023	6 months 2024	6 months 2023
Overdraft	0	9,777	2,765	649
Bank loans	1,878	1,851	3,684	8,953
Lease liabilities	4,378	4,323	9,020	8,654
Other borrowings	2,160	1,211	4,378	2,345
Total borrowings paid	8,416	17,162	19,847	20,601

Bank loans are denominated in euros. Management estimates that the carrying amount of the Group's financial liabilities does not significantly differ from their fair value.

As of 30.06.2024, the repayment dates of bank loans are between 31.07.2024 and 07.05.2039 (2023: between 26.03.2024 and 26.12.2028), interest is tied both to 3-month and 6-month EURIBOR. Weighted average interest rate was 5.04% (2023: 5.22%).

Lease agreements that form lease liabilities have been concluded for the term until 14.04.2040. Lease liability recorded in the balance sheet is recognised as a result of adoption of IFRS 16. In discounting, an alternative loan interest rate has been used in concluding the contract or upon initial application of IFRS 16. Weighted average interest rate used was 2.34% (31.12.2023: 2.21%).

Net debt reconciliation

in thousands of euros

	30.06.2024	31.12.2023
Cash and cash equivalents (Note 2)	24,771	42,064
Short-term borrowings	-27,281	-48,820
Long-term borrowings	-294,635	-258,857
Net debt	-297,145	-265,613
Cash and cash equivalents (Note 2)	24,771	42,064
Gross debt – fixed interest rates	-169,108	-169,336
Gross debt – variable interest rates	-152,808	-138,341
Net debt	-297,145	-265,613

	Cash and cash equivalents	Overdraft	Borrowings	Lease liabilities	Total
Net debt 31.12.2022	22,436	-15,222	-101,067	-171,643	-265,496
Cash flow (principal and interest)	19,628	7,861	-24,216	21,155	24,428
Interest accrued	0	0	-5,697	-3,720	-9,417
New lease contracts	0	0	0	-10,307	-10,307
Revaluation of lease liabilities	0	0	0	-4,821	-4,821
Net debt 31.12.2023	42,064	-7,361	-130,980	-169,336	-265,613
Cash flow (principal and interest)	-17,293	2,765	-13,369	11,139	-16,758
Interest accrued	0	0	-3,863	-2,119	-5,982
Revaluation of lease liabilities	0	0	0	-8,792	-8,792
Net debt 30.06.2024	24,771	-4,596	-148,212	-169,108	-297,145

Note 13. Trade and other payables

in thousands of euros

	30.06.2024	31.12.2023
Trade payables	71,038	77,544
Payables to related parties (Note 20)	3,965	4,091
Other accrued expenses	579	997
Prepayments by tenants	3,610	4,092
Total financial liabilities from balance sheet line "Trade and other payables"	79,192	86,724
Taxes payable (Note 14)	11,438	12,151
Employee payables	10,119	12,242
Prepayments	3,471	3,456
Total trade and other payables	104,220	114,573

Note 14. Taxes

in thousands of euros

	30.06.2024		31.12.2023	
	Prepaid taxes	Taxes payable	Prepaid taxes	Taxes payable
Prepaid taxes	91	0	40	0
Value added tax	0	5,128	0	5,810
Personal income tax	0	1,784	0	1,711
Social security taxes	0	4,099	0	4,132
Corporate income tax	0	39	0	110
Unemployment insurance	0	268	0	266
Mandatory funded pension	0	120	0	122
Total taxes	91	11,438	40	12,151

As of 30.06.2024 deferred tax liability on dividends in the amount of 5,356 thousand euros (31.12.2023: 5,356 thousand euros) is recorded in the balance sheet.

Note 15. Share capital

As of 30.06.2024 and 31.12.2023, the share capital in the amount of 16,292 thousand euros consisted of 40,729,200 ordinary shares with the nominal value of 0.40 euros per share. All shares issued have been paid for. According to the articles of association, the maximum allowed number of shares is 162,916,800 shares.

In 2024, dividends were paid to the shareholders in the amount of 29,324 thousand euros, or 0.72 euros per share. Related income tax expense on dividends amounted to 5,312 thousand euros.

In 2023, dividends were paid to the shareholders in the amount of 27,695 thousand euros, or 0.68 euros per share. Related income tax expense on dividends amounted to 5,299 thousand euros.

Note 16. Segment reporting

The Group has defined the business segments based on the reports used regularly by the supervisory board to make strategic decisions.

The chief operating decision maker monitors the Group's operations by activities. By areas of activity, the operating activities are monitored in the department stores, supermarkets, real estate, car trade, beauty products (I.L.U.) and security segments. The measures of I.L.U. are below the quantitative criteria of the reporting segment specified in IFRS 8; these have been aggregated with the department stores segment because they have similar economic characteristics and are similar in other respects specified in IFRS 8.

The main area of activity of department stores, supermarkets and car trade is retail trade. Supermarkets focus on the sale of food products and convenience goods, the department stores on the sale of beauty and fashion products, the car trade on the sale of cars and spare parts. Among the others, in the car trade segment, cars are sold at wholesale prices to authorised car dealers. The share of wholesale trade in other segments is insignificant. The security segment main activity is providing security services solutions. The real estate segment deals with the development, management and maintenance of real estate owned by the Group, and with the rental of commercial premises.

The activities of the Group are carried out in Estonia, Latvia and Lithuania. The Group operates in all the five operating segments in Estonia. The Group is engaged in car trade and real estate development in Latvia and in Lithuania.

The disclosures of financial information correspond to the information that is periodically reported to the Supervisory Board. Measures of profit or loss, segment assets and liabilities have been measured in accordance with accounting policies used in the preparation of the financial statements, except for IFRS 16 measurement and recognition of right of use assets and lease liabilities which are shown in a separate sector. Main measures that Supervisory Board monitors are segment revenue (external segment and inter-segment revenue), EBITDA (earnings before interest, taxes, depreciation and amortisation) and net profit or loss.

in thousands of euros

II quarter 2024	Super- markets	Depart- ment store	Car trade	Securi- ty	Real estate	Inter- segment transact- ions	Impact of lease accounting	Total seg- ments
External revenue	150,294	25,431	54,094	5,749	1,755	0	0	237,323
Inter-segment revenue	212	1,217	123	1,570	3,656	-6,778	0	0
Total revenue	150,506	26,648	54,217	7,319	5,411	-6,778	0	237,323
EBITDA	8,551	1,240	3,971	228	3,843	0	5,508	23,341
Segment depreciation and impairment losses	-3,064	-717	-393	-155	-1,164	0	-4,974	-10,467
Operating profit	5,487	523	3,578	73	2,679	0	534	12,874
Finance income	291	428	19	0	459	-1,121	0	76
Finance income on shares of associates	0	61	0	0	0	0	0	61
Finance costs	-606	-846	-249	-31	-1,401	1,121	-1,130	-3,142
Income tax	-1	0	0	0	0	0	0	-1
Net profit/(-loss)	5,171	166	3,348	42	1,737	0	-596	9,868
incl. in Estonia	5,171	166	2,849	42	1,607	0	-596	9,239
incl. in Latvia	0	0	159	0	161	0	0	320
incl. in Lithuania	0	0	340	0	-31	0	0	309
Segment assets	148,044	90,467	50,931	8,980	318,876	-99,270	156,380	674,408
Segment liabilities	112,910	64,224	25,247	6,743	121,276	-67,508	169,108	432,000
Segment investments in property, plant and equipment	1,302	611	162	128	7,413	0	0	9,616
Segment investments in intangible assets	0	597	0	1	0	0	0	598

in thousands of euros

II quarter 2023	Super- markets	Depart- ment store	Car trade	Securi- ty	Real estate	Inter- segment transact- ions	Impact of lease accounting	Total seg- ments
External revenue	154,455	27,018	55,853	3,523	1,616	0	0	242,465
Inter-segment revenue	517	1,115	103	1,618	3,647	-7,000	0	0
Total revenue	154,972	28,133	55,956	5,141	5,263	-7,000	0	242,465
EBITDA	7,993	2,033	5,260	190	4,613	0	5,206	25,295
Segment depreciation and impairment losses	-3,065	-710	-310	-111	-1,160	0	-4,856	-10,212
Operating profit	4,928	1,323	4,950	79	3,453	0	350	15,083
Finance income	234	363	65	1	334	-982	0	15
Finance income on shares of associates	0	41	0	0	0	0	0	41
Finance costs	-517	-770	-292	-24	-787	982	-883	-2,291
Income tax	0	0	-1	0	0	0	0	-1
Net profit/(-loss)	4,645	957	4,722	56	3,000	0	-533	12,847
incl. in Estonia	4,645	957	3,525	56	2,891	0	-533	11,541
incl. in Latvia	0	0	467	0	132	0	0	599
incl. in Lithuania	0	0	730	0	-23	0	0	707
Segment assets	147,329	97,130	55,891	5,450	286,197	-113,528	158,070	636,539
Segment liabilities	120,103	71,017	33,901	4,935	94,318	-83,766	168,621	409,129
Segment investments in property, plant and equipment	6,257	257	255	81	43	0	0	6,893
Segment investments in intangible assets	0	467	0	11	0	0	0	478

in thousands of euros

6 months 2024	Super- markets	Depart- ment store	Car trade	Security	Real estate	Inter- segment transact- ions	Impact of lease accounting	Total seg- ments
External revenue	296,742	49,422	98,938	10,275	3,449	0	0	458,826
Inter-segment revenue	443	2,432	233	3,180	7,293	-13,581	0	0
Total revenue	297,185	51,854	99,171	13,455	10,742	-13,581	0	458,826
EBITDA	12,872	1,033	6,876	265	7,890	0	11,139	40,075
Segment depreciation and impairment losses	-6,227	-1,422	-788	-305	-2,338	0	-9,997	-21,077
Operating profit	6,645	-389	6,088	-40	5,552	0	1,142	18,998
Finance income	586	852	31	1	853	-1,994	0	329
Finance income on shares of associates (Note 7)	0	133	0	0	0	0	0	133
Finance costs	-1,050	-1,599	-472	-57	-2,487	1,994	-2,119	-5,790
Income tax	-1,607	-163	-1,090	0	-2,453	0	0	-5,313
Net profit/(-loss)	4,574	-1,166	4,557	-96	1,465	0	-977	8,357
incl. in Estonia	4,574	-1,166	3,964	-96	1,218	0	-977	7,517
incl. in Latvia	0	0	164	0	309	0	0	473
incl. in Lithuania	0	0	429	0	-62	0	0	367
Segment assets	148,044	90,467	50,931	8,980	318,876	-99,270	156,380	674,408
Segment liabilities	112,910	64,224	25,247	6,743	121,276	-67,508	169,108	432,000
Segment investments in property, plant and equipment (Note 10)	1,864	748	498	213	12,823	0	0	16,146
Segment investments in intangible assets (Note 11)	0	1,223	2	3	0	0	0	1,228

in thousands of euros

6 months 2023	Super- markets	Depart- ment store	Car trade	Security	Real estate	Inter- segment transact- ions	Impact of lease accounting	Total seg- ments
External revenue	301,683	51,729	97,578	6,377	3,181	0	0	460,548
Inter-segment revenue	835	2,218	209	3,093	7,287	-13,642	0	0
Total revenue	302,518	53,947	97,787	9,470	10,468	-13,642	0	460,548
EBITDA	12,790	2,117	8,688	359	8,642	0	10,401	42,997
Segment depreciation and impairment losses	-6,030	-1,400	-598	-212	-2,340	0	-9,698	-20,278
Operating profit	6,760	717	8,090	147	6,302	0	703	22,719
Finance income	460	601	79	1	529	-1,654	0	16
Finance income on shares of associates	0	110	0	0	0	0	0	110
Finance costs	-899	-1,234	-453	-37	-1,381	1,654	-1,747	-4,097
Income tax	-1,139	-228	-1,158	0	-2,776	0	0	-5,301
Net profit/(-loss)	5,182	-34	6,558	111	2,674	0	-1,044	13,447
incl. in Estonia	5,182	-34	4,808	111	2,508	0	-1,044	11,531
incl. in Latvia	0	0	662	0	206	0	0	868
incl. in Lithuania	0	0	1,088	0	-40	0	0	1,048
Segment assets	147,329	97,130	55,891	5,450	286,197	-113,528	158,070	636,539
Segment liabilities	120,103	71,017	33,901	4,935	94,318	-83,766	168,621	409,129
Segment investments in property, plant and equipment	9,516	998	522	171	766	0	0	11,973
Segment investments in intangible assets	0	802	0	17	0	0	0	819

External revenue according to types of goods and services sold

in thousands of euros

	II quarter 2024	II quarter 2023	6 months 2024	6 months 2023
Retail revenue	205,595	216,547	400,484	413,450
Wholesale revenue	16,473	14,276	30,828	25,424
Rental income	2,833	2,720	5,517	5,282
Revenue for rendering services	12,422	8,922	21,997	16,392
Total revenue	237,323	242,465	458,826	460,548

External revenue by client location

in thousands of euros

	II quarter 2024	II quarter 2023	6 months 2024	6 months 2023
Estonia	217,493	223,413	424,380	426,941
Latvia	8,836	9,519	16,304	17,398
Lithuania	10,994	9,533	18,142	16,209
Total	237,323	242,465	458,826	460,548

Distribution of non-current assets* by location of assets

in thousands of euros

	30.06.2024	31.12.2023
Estonia	492,351	488,285
Latvia	32,866	33,307
Lithuania	2,573	2,298
Total	527,790	523,890

* Non-current assets, other than financial assets and investment in associate.

In the reporting period and comparable period, the Group did not have any clients whose revenue would exceed 10% of the Group's revenue.

Note 17. Services expenses

in thousands of euros

	II quarter 2024	II quarter 2023	6 months 2024	6 months 2023
Rental expenses	266	166	344	328
Heat and electricity expenses	3,046	2,976	6,898	7,715
Expenses related to premises	2,750	2,766	5,595	5,596
Cost of services and materials related to sales	1,769	1,863	3,517	3,761
Marketing expenses	2,502	2,078	4,796	4,066
Other operating expenses	1,093	1,236	2,465	2,585
Computer and communication costs	2,261	1,927	4,081	3,711
Expenses related to personnel	1,269	1,218	2,522	2,363
Total services expenses	14,956	14,230	30,218	30,125

Note 18. Staff costs

in thousands of euros

	II quarter 2024	II quarter 2023	6 months 2024	6 months 2023
Wages and salaries	20,847	20,405	41,602	40,031
Social security taxes	6,551	6,464	13,090	12,690
Total staff costs	27,398	26,869	54,692	52,721
Average wages per employee per month (euros)	1,469	1,461	1,457	1,425
Average number of employees in the reporting period	4,732	4,656	4,760	4,683

Note 19. Earnings per share

For calculating the basic earnings per share, the net profit to be distributed to the Parent's shareholders is divided by the weighted average number of ordinary shares in circulation. As the Company does not have potential ordinary shares, the diluted earnings per share equal basic earnings per share.

	II quarter 2024	II quarter 2023	6 months 2024	6 months 2023
Net profit (in thousands of euros)	9,868	12,847	8,357	13,447
Weighted average number of shares	40,729,200	40,729,200	40,729,200	40,729,200
Basic and diluted earnings per share (euros)	0.24	0.32	0.21	0.33

Note 20. Related party transactions

in thousands of euros

In preparing the consolidated interim report of TKM Grupp AS, the following parties have been considered as related parties:

- owners (Parent and the persons controlling or having significant influence over the Parent);
- associates;
- other entities in the Parent's consolidation group;
- management and supervisory boards of the Group companies;
- close relatives of the persons described above and the entities under their control or significant influence.

Parent company of TKM Grupp AS is OÜ NG Investeeringud (Parent company), operating in Estonia. Majority shareholder of OÜ NG Investeeringud is NG Kapital OÜ, operating in Estonia. NG Kapital OÜ is the ultimate controlling party of TKM Grupp AS.

The TKM Group has purchased and sold goods, services and non-current assets as follows:

	Purchases 6 months 2024	Sales 6 months 2024	Purchases 6 months 2023	Sales 6 months 2023
Parent	127	230	131	11
Entities in the Parent's consolidation group	14,593	2,217	18,431	1,681
Members of management and supervisory boards	0	10	0	6
Other related parties	21	9	9	8
Total	14,741	2,466	18,571	1,706

A major part of the purchases from the entities in the Parent's consolidation group is made up of goods purchased for sale. Purchases from the Parent are mostly made up of management fees. Sales to related parties are mostly made up of services provided.

Balances with related parties:

	30.06.2024	31.12.2023
Receivables from entities in the in the Parent's consolidation group	632	540
Members of management and supervisory boards	1	2
Total receivables from related parties (Note 4)	633	542
	30.06.2024	31.12.2023
Parent	26	24
Entities in the Parent's consolidation group	3,938	4,065
Other related parties	1	2
Total liabilities to related parties (Note 13)	3,965	4 091

Receivables from and liabilities to related parties, arisen in the normal course of business, are unsecured and carry no interest because they have regular payment terms.

Entities in the Parent company consolidation group are important suppliers for the Group.

For arranging funding for its subsidiaries, the Group uses the group account, the members of which are most of the Group's entities. In its turn, the Group as a subgroup is a member of the group account of NG Investeeringud OÜ (hereinafter head group). From 2001, TKM Grupp AS has been keeping its available funds at the head group account, earning interest income on its deposits. In 2024, the Group has earned interest income on its deposits of available funds in the amount of 229 thousand euros, interest rate 2,75% (2023: 81 thousand euros, interest rate 1.27%). As at 30 June 2024 and 31 December 2023, TKM Grupp AS had not deposited any funds through head group and had not used available funds of head group. According to the group account contract, the Group's members are jointly responsible for the unpaid amount to the bank.

Remuneration paid to the members of the Management and Supervisory Board

Short term benefits to the management boards' members of the TKM Group for the reporting period including wages, social security taxes, bonuses, and car expenses, amounted to 2,374 thousand euros (2023 6 months: 1,943 thousand euros). Short-term benefits to supervisory boards' members of the Group in reporting period including social taxes amounted to 451 thousand euros (2023 6 months: 425 thousand euros).

The termination benefits for the members of the Management Board are limited to 3 to 6 month's salary expense.