

# **Report of the Supervisory Board of TKM Grupp AS regarding the annual report of 2024**

*Translation of the Estonian original*

In 2024, TKM Grupp AS (hereinafter referred to as the Group) had to adapt to a difficult business environment, characterized by a continuing economic downturn and low consumer confidence. Despite the difficulties, the Group achieved the second-highest operating profit in its history, which demonstrates the company's ability to maintain stability and efficiency even in difficult market conditions. According to the Supervisory Board, the Group has met the goals set by the Supervisory Board for the Management Board for 2024.

The largest investment of the reporting year was a new logistics center built as an A-energy class building, which was completed in the fall of 2024. This was the implementation of a strategic decision made a year earlier, as a result of which the efficiency of the Group's companies' work processes will increase. From earlier development activities, two new Selver stores were also completed in 2024 - a new Selver store was opened in the Rocca al Mare center in Tallinn in August and a new Selver in Raadi in Tartu in September.

In August 2024, Kaubamaja opened the renewed food department, which is the grocery store with the best selection in Southern Estonia. The concept renewal of I.L.U. stores, which had already begun earlier, was completed last year when an expanded I.L.U. store was opened in Tartu Lõunakeskus. The long-awaited Kaubamaja's e-shop on a new platform was also launched, which led to an increase in customer convenience.

The automotive segment made a significant contribution to the Group's financial year, benefiting from the car purchase boom caused by the introduction of the Estonian car tax in 2025. The Group started Škoda resale in Lithuania and opened two new KIA dealerships - in Peetri, on the border of Tallinn and in Riga.

The Group's security segment showed strong sales growth throughout the reporting year, continuing its outstanding organic growth with the synergy found in the companies acquired in 2023. We can be completely satisfied with our real estate sector, which successfully implemented the development of the logistics center as the most important event of the reporting year.

The loyalty program uniting the Group's companies continued to grow, and by the end of the reporting year, already 744,000 thousand users had Partnerkaart in their pockets. To offer flexible payment options, customers can now also use Partner Kuukaart Osamaks [pay in 3-6 installments and Järelmaks [hire purchase] in the Kaubamaja e-shop.

The Group continued to develop an environmentally sustainable and responsible business culture in its activities, contributing to the growth of diversity, equality and inclusion. The Group was one of the first to prepare an audited sustainability report for 2024.

In 2025, the Group's development activities will focus on customer needs and continuous innovation, striving to continue increasing profits and market share. Renovation projects for store buildings will continue to make the buildings more energy-efficient. The logistics center completed in the reporting year will be fully operational in 2025, which will help better organize inventory management. The Group's Estonian car company Viking Motors opened a new KIA dealership in Peetri on the border of Tallinn at the beginning of 2025, next to which the construction of a body shop will continue in order to offer customers even better service. The development of the Group's loyalty program Partnerkaart is of great importance and focuses on more personalized customer loyalty management. The Group also continues to reduce its ecological footprint.

The development plans and activity plans listed above are prepared in close cooperation with the Group's Supervisory Board. The Management Board, the Executive Board and the Supervisory Board work together to develop the company's strategy, and the Management Board and the Supervisory Board base their management decisions on the strategic instructions given by the Supervisory Board.

The Supervisory Board plans the Group's activities in the period between shareholder meetings, organizes management and supervises the activities of the Management Board. The Supervisory Board regularly reviews and approves the Group's long-term strategy, annual operating objectives and annual budget, receives overviews of the most important observations made as a result of the work of the

internal audit department, the Group's most important risks, their management and mitigation activities and development projects. The Supervisory Board participates in making important decisions concerning the Group's activities, such as concluding major contracts and amending contract terms, making investment decisions, raising loan capital, transferring assets, etc. Supervisory Board meetings are held regularly once a month and, if necessary, additionally on an extraordinary basis. During 2024, 12 regular Supervisory Board meetings and 1 extraordinary Supervisory Board meeting were held. In 2024, all members of the Supervisory Board attended almost all Supervisory Board meetings, with only one member of the Supervisory Board absent from one meeting.

The Supervisory Board supports the Group's Audit Committee in its activities, which focuses its activities mainly on improving risk management and the internal control system. The Audit Committee performed supervision and provided assessments in the following areas: financial reporting and budgeting, external and internal audit activities, risk management organization, functioning of the internal control system, governance and compliance, including transactions with related parties. The Audit Committee has provided an ongoing overview of its activities at the Supervisory Board meetings. The effectiveness of follow-up control is considered important in exercising supervision, while providing support to the Group's Management Board and management. The Audit Committee works monthly and documents its activities in accordance with applicable rules.

**Having thoroughly reviewed the consolidated annual report of TKM Grupp AS for the financial year ended on 31.12.2024, prepared by the Group's Management Board and submitted to the Supervisory Board, which consists of the management report, sustainability report, remuneration report and consolidated annual financial statements and to which the independent sworn auditor's report is attached, the Supervisory Board approves it. The Supervisory Board finds that the annual report complies with generally accepted accounting principles, international standards and relevant accounting practices.**

The Group's Supervisory Board will submit the 2024 annual report prepared by the Management Board, together with the profit distribution proposal attached to the report, to the shareholders for approval.



The members of the TKM Group's Supervisory Board are Jüri Käo (Chairman of the Supervisory Board), Enn Kunila, Kristo Anton, Meelis Milder (independent member of the Supervisory Board) and Gunnar Kraft (independent member of the Supervisory Board). The powers of the Supervisory Board members are valid until 20 May 2027.

Jüri Käo

TKM Grupp AS, Chairman of the Supervisory Board

(signed digitally)