



**TKM
GRUPP**

TKM Grupp AS Consolidated Interim Report for the third quarter and first 9 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 September 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 September 30, 2024:

| | | Shareholding as of 30.09.2024 | 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 30.09.2024 | 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.

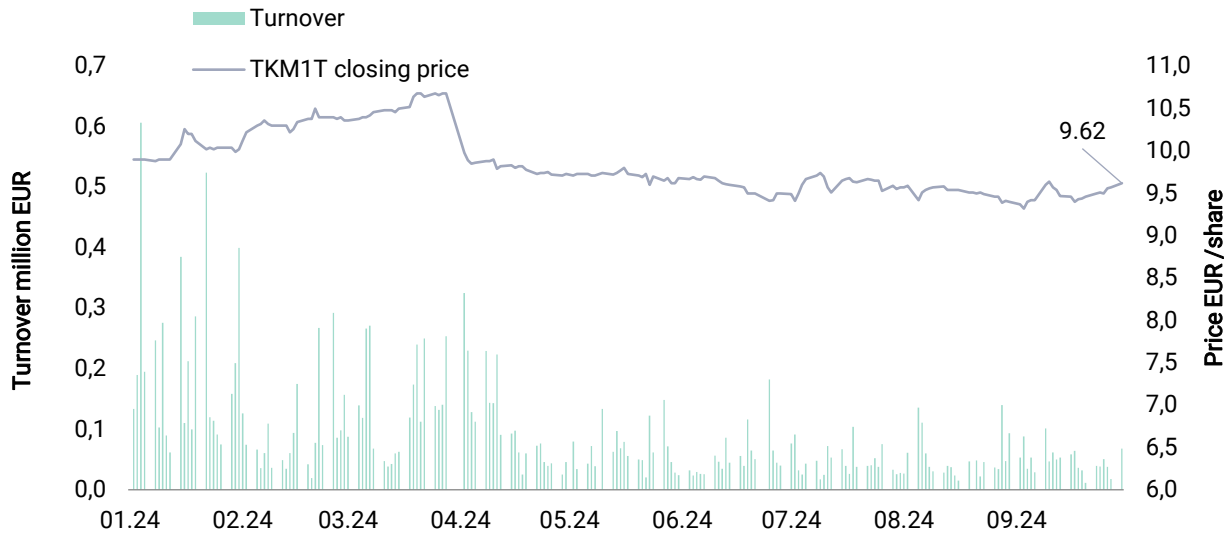
The council of the Group have no right to issue or buy back shares. In addition, there are no commitments between the company and its employees providing for compensation in mergers and acquisitions under article 19' of Stock Market Trade Act.

The share with a price of 9.90 euros at the end of 2023 was closed in the end of September 2024 at the level of 9.62 euros, decreased by 2.8% over the nine 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 30.09.2024.

In euros



| SHARE | Q3/24 | Q3/23 | 9M/24 | 9M/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) | 6.16 | 5.86 | 6.16 | 5.86 |
| Share's closing price (EUR/share) | 9.62 | 9.80 | 9.62 | 9.80 |
| Earnings per share (EUR/share) | 0.21 | 0.27 | 0.42 | 0.60 |

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. 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 August, the president announced the introduction of the car tax law, which will take effect from the beginning of 2025. According to the law, the tax will consist of two parts. The car tax, payable annually by car owners for car registered in the traffic registry, will consist of a base rate, a CO₂ emissions component, and a total mass component. Additionally, a registration fee will be introduced, payable upon first-time registration of the car and on the first transfer of ownership, provided that the registration fee has not been previously paid for the vehicle. Depending on the model, the tax will increase the cost of purchasing and owning passenger cars by 3–15% compared to current levels. By the time this report was prepared, there were signs of some revival in the Estonian car market. The registration fee for the most sold car models by the Group would range between 4-5% of the vehicle price.

In September, a security tax law was introduced, which would establish a tax in three components: a 2% increase in VAT from July 2025, a 2% increase in personal income tax, and a 2% tax on corporate profits from 2026. This means that the VAT increase in the second half of 2025 may reduce consumer confidence and spending while increasing inflation. It is expected that the corporate profit tax, will start affecting the net profits of 2025 on accrual base.

Sustainable entrepreneurship

The key theme for the Group in the third quarter was construction and development activities. Kaubamaja's Food Department in Tartu underwent a complete renovation, which also marked a significant step towards sustainable business practices. As part of the reconstruction, the refrigeration systems were transitioned to CO₂, which has an emission factor nearly 3,900 times smaller than the previous refrigerant. Kitchen and counter equipment were replaced, LED lighting was upgraded, and improvements were made to ventilation, electricity, sewage, and other systems, as well as to the pre-existing waste sorting solutions. Selver opened two new stores, one in Rocca al Mare shopping centre in Tallinn and the other in Raadi, Tartu. The sales environments in both stores have been designed with the most modern and environmentally sustainable technological solutions in mind. The building's ventilation, heating, and cooling systems are demand-driven, and the refrigeration system operates on CO₂, enabling energy savings of up to 20% compared to older systems. Waste heat from the refrigeration system is used for heating the building and warming the domestic water supply. To ensure optimal air and heat circulation in the sales area, ceiling fans are used, which mix the air and reduce heating costs. The store's LED lighting is also controlled based on demand.

To enhance employee well-being, Viking Motors renovated the staff rooms in its Tammsaare workshop. The comprehensive refurbishment included the completion of dressing rooms, a break area, kitchen, and sauna with all modern amenities. During the autumn season, the Group's companies continued the tradition of offering free flu vaccinations to employees.

Kaubamaja was recognised with the "We Respect Diversity" label, which is awarded to employers who value opportunities for development and diversity and strive to create an inclusive working environment. This label affirms to employees, customers, and partners that Kaubamaja is a modern organisation committed to caring for Estonia and the world and dedicated to improving the company's work culture. Kaubamaja also held a Service Conference for employees, focusing on mental health, self-management, and personal development. The conference was attended by 100 service talents (salespeople, consultants, specialists, managers) from Kaubamaja. Additionally, a team training was organised for the Food World team, along with a "Negotiation Skills Training" led by trainer Jakob Saks. A video clip for the Autumn/Winter 2024 Fashion Lunch was also completed, providing employees with a good overview of the upcoming season, and the Group participated in a mentoring training organised by the Retailers' Association. As part of the Year of Health initiative, a major step challenge was held: Kaubamaja took part in the FitSphere X MyFitness initiative "Step Buddy 2024."

Through the Minu Parem Eesti ("My Better Estonia") project, TKM Group contributed 25,000 euros to charity, supporting the implementation of the project "Supporting Youth Mental Health through Evidence-Based Short Interventions" by Peaasi.ee. This project was selected through a survey of Partner Card customers, who highlighted youth mental health issues as a significant concern in today's Estonia. In collaboration with other major companies, a total of 100,000 euros was donated to this project, significantly expanding the availability of the existing Peahea youth counselling service and offering quick and free psychological help without a doctor's referral to approximately 400 additional young people aged 12–26.

Economic environment

According to Statistics Estonia, the gross domestic product in the second quarter of 2024 decreased by one per cent compared to the same period in the previous year. The agency reported that, unlike in previous quarters, the economy showed several signs of improvement. The most significant positive contribution came from real estate activities. The contribution of the manufacturing sector remained at the same level as the previous year. However, trade and construction had a notably negative impact on the economy. According to the latest economic forecast by the Bank of Estonia, the economy has started to recover, but the pace is slow. The overall result for 2024 is expected to fall short of last year by 0.4%, though it is forecasted to grow by nearly 2% in the following year and by 3% in 2026. In September, the European Central Bank lowered interest rates by 25 basis points, with another cut expected this year. The reduction in interest costs will increase the real disposable income of households, providing an opportunity for improved confidence and growth in private consumption. Analysts predict that by the end of this year, consumer spending will be boosted by car purchases, as consumers are motivated to buy or replace vehicles to avoid or delay the registration fee coming into force in 2025. However, a decline in private vehicle purchases is expected in 2025. According to Statistics Estonia, the consumer price index in Estonia has increased by 3.4% over the past year. In the first nine months of the year, food and non-alcoholic beverages prices rose by 2.5%, while clothing and footwear prices increased by 1.3%. In the third quarter, prices grew by 3.2%, with clothing and footwear prices falling by 2.7%. The Bank of Estonia expects inflation to remain in the range of 3.5% to 4% this year and over the next two years, as tax increases will accelerate price growth in the short term. According to Statistics Estonia, the average gross monthly wage in the second quarter of 2024 increased by 7.2% compared to the same period in the previous year. The Bank of Estonia forecasts wage growth of 6.9% for this year, which will outpace inflation in 2024.

According to Statistics Estonia, total retail sales in current prices in Estonia decreased by 2.9% in the first eight months of 2024. One of the few sectors that continued to grow was motor vehicle maintenance and repair (10.2%). However, sales of motor vehicles, parts, and accessories fell by 6.8%. Sales revenue in non-specialised stores (mainly

food) grew by 0.6% in the first eight months of the year. Due to high price increases, the volume of sales in retail has been declining for nearly two consecutive years. Preliminary data indicates that the volume of new passenger car sales in the Baltics decreased by 5% in the first nine months of 2024. The market recovery has been hindered by rapidly rising car prices in recent years and still high interest rates. Preliminary data suggests that 15,973 new passenger cars were sold in Estonia in the first nine months of 2024, 9.2% fewer than the previous year. Car sales in Latvia fell by 11.6%, while in Lithuania, car sales turned upwards, achieving 2.7% growth over the nine-month period. Sales volumes of the Group's car brands KIA and Škoda increased in the Lithuanian market.

Economic results

Financial ratios

| In million euros EUR | Q3/24 | Q3/23 | Change % | 9M/24 | 9M/23 | Change % |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| Revenue | 229.1 | 234.1 | -2.1% | 687.9 | 694.7 | -1.0% |
| Selver supermarkets | 149.5 | 153.5 | -2.6% | 446.3 | 455.2 | -1.9% |
| Department stores | 21.5 | 23.9 | -9.7% | 71.0 | 75.6 | -6.1% |
| Car trade | 50.7 | 51.1 | -0.8% | 149.6 | 148.6 | 0.7% |
| Security | 5.6 | 4.0 | 39.6% | 15.9 | 10.4 | 52.8% |
| Real estate | 1.7 | 1.7 | 2.0% | 5.2 | 4.9 | 6.2% |
| <i>Gross profit margin%</i> | <i>27,51%</i> | <i>27,18%</i> | <i>1,2%</i> | <i>27,36%</i> | <i>27,23%</i> | <i>0,5%</i> |
| EBITDA | 22,6 | 24,0 | -5,8% | 62,6 | 67,0 | -6,5% |
| Selver supermarkets | 8,5 | 9,7 | -11,8% | 21,4 | 22,4 | -4,7% |
| Department stores | -0,1 | 0,7 | -111,0% | 1,0 | 2,8 | -66,1% |
| Car trade | 3,8 | 4,2 | -8,8% | 10,7 | 12,9 | -16,9% |
| Security | 0,6 | 0,2 | 212,6% | 0,9 | 0,5 | 56,5% |
| Real estate | 4,0 | 3,9 | 1,5% | 11,9 | 12,6 | -5,5% |
| IFRS 16 | 5,7 | 5,3 | 8,1% | 16,8 | 15,7 | 7,4% |
| <i>margin</i> | <i>9,84%</i> | <i>10,23%</i> | <i>-3,8%</i> | <i>9,10%</i> | <i>9,64%</i> | <i>-5,5%</i> |
| Operating profit | 11,9 | 13,6 | -12,0% | 30,9 | 36,3 | -14,7% |
| <i>margin</i> | <i>5,21%</i> | <i>5,80%</i> | <i>-10,1%</i> | <i>4,50%</i> | <i>5,22%</i> | <i>-13,9%</i> |
| Net profit | 8,6 | 11,2 | -23,1% | 16,9 | 24,6 | -31,1% |
| <i>margin</i> | <i>3,75%</i> | <i>4,77%</i> | <i>-21,4%</i> | <i>2,46%</i> | <i>3,54%</i> | <i>-30,5%</i> |
| Earnings per share (EUR) | 0,21 | 0,27 | -23,1% | 0,42 | 0,60 | -31,1% |
| Key ratios | Q3/24 | Q3/23 | | 9M/24 | 9M/23 | |
| Return on equity (ROE) | 3.5% | 5.3% | | 6.9% | 11.6% | |
| Return on assets (ROA) | 1.3% | 1.9% | | 2.6% | 4.1% | |
| Quick ratio | 1.20 | 0.99 | | 1.20 | 0.99 | |
| Debt ratio | 0.63 | 0.63 | | 0.63 | 0.63 | |
| Inventory turnover (multiplier) | 1.58 | 1.76 | | 4.75 | 5.23 | |
| Sales revenue per employee (in million euros euros) | 0.048 | 0.049 | | 0.144 | 0.147 | |
| Average number of employees | 4,820 | 4,824 | | 4,780 | 4,730 | |

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 consolidated unaudited sales revenue for the third quarter of 2024 was 229.1 million euros, representing a 2.1% decline compared to the sales revenue of the previous year. Sales revenue for the first nine months was 687.9 million euros, a decrease of 1.0% compared to the 694.7 million euros achieved in the first nine months of 2023. The Group's consolidated unaudited pre-tax profit for the third quarter of 2024 was 8.6 million euros, down 23.1% compared to the same period last year. Pre-tax profit for the first nine months was 22.3 million euros, a 25.6% decrease compared to the previous year.

The long-standing decline in retail trade, both in sales volumes and current prices, continued to affect the Group's financial results for the third quarter of 2024. The market decline had the most significant impact on the Group's supermarket and department store segments. However, the car segment remained relatively strong – despite a 5% decline in new passenger car sales in the Baltics, the segment's sales revenue grew by 0.7% over the nine-month period. Consumers remain cautious, considering larger purchases with more deliberation and over a longer period than usual. The strongest sales growth was recorded in the security segment, supported by both organic growth and previous acquisitions (AS Walde in February Skarabeus Julgestusteenistus OÜ in July, and Caesari Turvateenistuse AS in August 2023). The economic slowdown has increased pressure on sales margins. Professional management of promotional campaigns has allowed the Group to maintain margins at the same level as the previous year. Most of the Group's operating expenses remain under control. However, higher marketing costs associated with increased campaign volumes and IT expenses directed towards automation showed higher growth rates. Continuous improvements in operational efficiency have helped keep labour costs under control, with labour costs rising by 2.4% in the third quarter, while the number of employees decreased by 0.1%. The Group's net profit was negatively impacted by the gradual effect of rising interest expenses on the Group's loans.

In the third quarter of 2024, the Group achieved several important milestones in its development activities. Selver opened two new stores – one in Rocca al Mare shopping centre in Tallinn in August, and another in Raadi, Tartu, in September. The new stores use CO₂-based refrigeration systems, LED lighting, and efficient air circulation with fans, reducing energy consumption by up to 20%. The department store segment opened a new Food Department in the Tartu store in August, which is now the largest food store in Southern Estonia. Development of a new Kaubamaja online store, which is closely integrated with physical stores, continued. The Partner Kuukaart Instalment and Hire Purchase options are now also available online, offering flexible payment solutions. In the department store segment, preparations began for expanding and redesigning the I.L.U. store in Lõunakeskus with a new concept. In the car segment, a KIA showroom will open in the Bikernieku area of Riga in autumn 2024. Construction of a KIA-Škoda showroom in Vilnius, Lithuania, has also started. In Tallinn, preparations continue for the construction of the Viking Motors Peetri car body shop and the opening of a KIA flagship showroom at Veesaare tee 5. In the real estate segment, a logistics centre in Maardu was completed and began operations at the end of September. The construction cost of the new logistics centre was 20 million euros, and it will enhance the Group's supply chain management and logistics services. In the first phase, the changes in logistics processes will begin with the supermarket segment.

At the end of the reporting period, the number of loyal customers exceeded 740 thousand, an increase of 3.2% over the year. The share of loyal customers in the Group's turnover was 85.6% (compared to 86.3% in the first nine months of 2023). At the end of September, the Partner Kuukaart "buy now, pay later" payment solutions were expanded to better meet customer expectations. In addition to the physical stores of Tallinn and Tartu Kaubamaja department stores, Instalment and Hire Purchase options are now also available in the Kaubamaja online store, and customers have warmly welcomed these options. The Instalment option allows customers to split their payments into 3 or 6 equal parts with no additional costs, while the Hire Purchase option allows payments to be spread over up to 36 months.

As of 30 September 2024, the total assets of the Group amounted to 683.7 million euros, a decrease of 2.0% 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 nine months of 2024 was 446.3 million euros, representing a 1.9% decrease compared to the previous year. Consolidated sales revenue for the third quarter was 149.5 million euros, a decline of 2.6% compared to the same period last year. The average monthly sales revenue per square metre of selling space for the first nine months of 2024 and for the third quarter was 0.40 thousand euros; in both cases, the figures for the previous year were 0.43 thousand euros. For comparable stores, the average monthly sales revenue per square metre of selling space was 0.41 thousand euros for the nine-month period (a change of -6.3%) and also 0.41 thousand euros for the third quarter (a change of -6.1%). A total of 33 million purchases were made in stores during the first nine months of 2024, which remained at the same level as the previous year (a change of -0.4%). In the third quarter of 2024, both pre-tax profit and net profit were 5.3 million euros, 1.0 million euros lower than the base period. The consolidated pre-tax profit of the supermarket segment for the nine months was 11.5 million euros, a decrease of 1.1 million euros compared to the previous year. The net profit for the nine-month period was 9.8 million euros, a decline of 1.6 million euros compared to the previous year. The difference

between net profit and pre-tax profit is due to income tax paid on dividends – the income tax on dividends this year was 0.5 million euros higher than the previous year.

The comparison base data are affected by the closure of Järve Selver, the largest store in the segment, in March 2023 for renovation, as well as the prior clearance sale, the closure of WOW Selver ABC in January, and the closure of Punane Selver in May. The base data do not include Kurna Selver, which opened in August 2023.

This year, Selver has opened two new stores – at the end of August, a new store was opened in Rocca al Mare shopping centre in Tallinn, and at the end of September, another new store was opened in Raadi, Tartu. The one-time costs associated with opening these stores impacted the profit for the third quarter of 2024. The new stores have been designed with the most modern and environmentally sustainable technological solutions in mind. The building's ventilation, heating, and cooling systems are demand-driven, and the refrigeration system operates on CO₂, enabling energy savings of up to 20% compared to older systems. Waste heat from the refrigeration system is used for heating the building and warming domestic water. To ensure optimal air and heat circulation in the sales area, ceiling fans are used, which mix the air and reduce heating costs. Water is purified using a state-of-the-art electrolytic treatment system. The store's LED lighting is controlled based on demand.

Selver's sales results have been influenced by the general situation in Estonia's retail environment, where volumes have been declining for the third consecutive year, and consumer confidence remains weak. Sales revenue in non-specialised stores, where foodstuffs, tobacco, and alcohol dominate, grew by 0.6% in the first eight months of 2024. The relatively modest addition of selling space and efforts related to price perception have led to slower-than-average sales revenue growth in the market segment. To stimulate customer purchasing activity, Selver has increased discounts, launched a permanent "Good Prices Every Day" project, offering customers around 650 products at highly competitive prices. In spring, a targeted campaign, "Golden Wednesday" for retired customers, was launched, which has been very well received by the target group. The profit for 2024 has been primarily affected by the reduced turnover of goods and a decrease in the gross profit earned from sales. During the reporting period, the prices of many services and materials increased, driving up operating costs. Nevertheless, through the implementation of cost-saving measures, the Group has managed to reduce operating costs in a challenging economic environment. Continuous process optimisation has also allowed labour costs to remain at the previous year's level.

The optimisation of the product assortment and processes remains a focus. As a responsible company, Selver has committed to conscious resource consumption in all its activities and contributing to sustainable development. To this end, a sustainable development strategy has been developed, which guides the company's daily operations. As a company that values openness and transparency, Selver has published its commitments and goals on its website. Selver's focus includes reducing greenhouse gas emissions resulting from its direct activities, increasing recycling rates, reducing food waste, optimising packaging and packaging use, shortening the supply chain, and providing fast and convenient digital solutions. In the field of culinary product production, active product development continues, with the aim of offering customers new flavours, while also focusing on reducing salt, sugar, and fat content in products.

As of the end of September, the supermarket segment included 73 Selver stores, 2 Delice stores, a Mobile Store, and a café, with a total sales area of 124.8 thousand square metres. In addition, there is e-Selver, which is the largest online store in Estonia by service area, and the central kitchen, Kulinaaria OÜ.

Department stores

The sales revenue of the department store business segment for the first nine months of 2024 was 71.0 million euros, down 6.1% compared to the same period last year. Sales revenue for the third quarter was 21.5 million euros, a decrease of 9.7% compared to the previous year. The pre-tax loss for the department store segment for the first nine months of 2024 was 2.1 million euros, which was 1.8 million euros lower than the result from the previous year. The pre-tax loss for the third quarter was 1.1 million euros. The pre-tax loss increased by 0.7 million euros.

The average sales revenue per square metre of selling space in the Kaubamaja department store for the first nine months was 0.30 thousand euros per month, 7.3% lower than in the same period last year. The economic downturn that began towards the end of the fourth quarter of the previous year continued into this year, resulting in more aggressive discount campaigns in the first half of the year compared to last year, which impacted the results of the Kaubamaja department store. Additionally, the autumn season began with unseasonably warm weather, which negatively affected third-quarter sales. The results of the Kaubamaja Tallinn department store were also impacted by the ongoing construction of the Vanasadam tramline in the city centre and the closure of the Viru Centre bus terminal, which significantly reduced foot traffic. In the Kaubamaja Tartu department store, a full-scale renovation of the Food Department began at the end of June, leading to the closure of Tartu Food Department for two months during the summer. On 29 August, the store reopened as the best-stocked food store in Southern Estonia, with a completely new concept. In the first quarter, the Kaubamaja launched a new e-store platform, significantly improving customer convenience, and featuring an AI-based recommendation engine that lays the foundation for improved

sales results. The new e-store platform integrates seamlessly with the physical stores, offering features like preshopping, fast delivery, and the option to order from the e-store and pay in a physical store, or vice versa.

The sales revenue of OÜ TKM Beauty Eesti, which operates I.L.U. cosmetics stores, was 2.0 million euros in the third quarter of 2024, the same as in the comparable period in 2023. Profit in the third quarter of 2024 was 0.1 million euros, 0.03 million euros less than the comparable period in 2023. The sales revenue for the first nine months of 2024 was 5.9 million euros, an increase of 5.7% compared to the same period in 2023. The profit for the first nine months of 2024 was 0.1 million euros, 0.1 million euros less than the comparable period in 2023. Despite low consumer confidence and the challenging economic situation, the sales revenue in the third quarter remained stable, driven by more intensive promotional offers than usual. Preparations have begun for expanding the I.L.U. store in Lõunakeskus and transitioning it to a new concept.

Car trade

The sales revenue of the car trade segment for the first nine months of 2024 was 149.6 million euros, an increase of 0.7% compared to the same period last year. The third-quarter sales revenue of 50.7 million euros was 0.8% lower than the sales revenue of the third quarter of 2023. A total of 4,741 new vehicles were sold in the first nine months, 2.1% fewer than in the previous year. In the third quarter, 1,570 new vehicles were sold. The pre-tax profit of the car trade segment for the first nine months of 2024 was 8.9 million euros, 2.5 million euros lower than in the previous year. The pre-tax profit for the third quarter of 2024 was 3.2 million euros, 0.4 million euros lower than the same period last year.

The Baltic car market continues to decline. Preliminary data indicate that new car sales in the Baltics fell by 5% in the first nine months of 2024. The largest declines were seen in Latvia (-10%) and Estonia (-9%), while the Lithuanian market grew by 2%. The car tax, which will come into force in Estonia next year, has not significantly accelerated purchasing decisions, although a slight market revival was noticed in September. Customers remain cautious, taking longer and more thorough consideration before purchasing a new car. On a positive note, KIA's importer has been successful, with preparations underway for the launch of several new models, including the electric KIA EV3 and the new KIA Picanto. The KIA EV6 model will also receive an update. Škoda's dealer, Verte Auto, operates in Riga, where competition has intensified due to the entry of a new dealer into the market, increasing the fight for market share. The availability of Peugeot vehicles has somewhat improved, positively impacting their sales.

In the autumn of 2024, a new KIA showroom is scheduled to open in the Bikernieku district of Riga to better serve customers in this area of the city. In Lithuania, construction will begin on a new KIA-Škoda multi-brand showroom in Vilnius in cooperation with TKM Lietuva UAB. Viking Motors, the Estonian dealer in the car segment, is planning to establish a new KIA flagship showroom on the outskirts of Tallinn, in Peetri, which is set to open early next year. Additionally, there are plans to start the construction of a car body shop next to the Peetri showroom.

Security segment

The security segment's sales revenue earned outside the Group in the third quarter of 2024 was 5.6 million euros, representing a 39.6% increase compared to the same period last year. The pre-tax profit for the third quarter was 0.4 million euros, an improvement of 0.4 million euros compared to the same period last year. The sales revenue earned outside the Group for the security segment in the first nine months of 2024 was 15.9 million euros, a 52.8% increase compared to the same period last year. Sales outside the Group accounted for 76% of total sales in the first nine months. The pre-tax profit for the nine-month period was 0.3 million euros, 0.2 million euros higher than the same period last year.

The third-quarter results were strong, with continued growth in both turnover and profit. The growth was broad-based, supported by all business areas. The fastest-growing area was management centre services, where turnover doubled compared to the previous year. The positive impact of last year's acquisitions has begun to materialise and is expected to continue to grow. The economic environment remains challenging, leading to payment difficulties for customers and continued pressure on input costs. On a positive note, the challenging environment creates numerous opportunities for a growing company to offer innovative and efficient solutions and expand its market share.

Real estate

In the first nine months of 2024, the real estate segment's sales revenue from outside the Group amounted to 5.2 million euros, reflecting a 6.2% increase compared to the same period last year. The sales revenue from outside the Group for the third quarter was 1.7 million euros, up 2.0% compared to the previous year. The pre-tax profit of the real estate segment for the first nine months of 2024 was 5.5 million euros, a decline of 27.4%. The pre-tax profit for the third quarter was 1.6 million euros, which represents a decrease of 25.6% compared to the same period last year.

The low economic activity and slow growth in consumption in the Estonian economy are also reflected in the footfall of shopping centres. The increase in shopping centre visitors observed earlier in the year came to a halt in the last quarter. The footfall at Tartu Kaubamaja Centre declined during the summer due to renovation works. The growth in the segment's sales revenue has been supported by a revitalised rental market for commercial spaces in the centres. Additionally, the expansion of the car wash near Raudkivi tee 1, leased to an external party near the Peetri Selver, which opened last summer, contributed to the segment's sales revenue.

The decline in the segment's profit continues to be primarily affected by the rising cost of borrowing due to increased eurozone interest rates. Most of the Group's loan portfolio is concentrated in this segment, and the construction of the logistics centre during the reporting period increased the loan portfolio and, in turn, interest expenses. The newly completed logistics centre commenced operations at the end of September, with the construction costing approximately 20 million euros. Additionally, the decrease in the segment's profit compared to last year is also due to a one-off income from the termination of a lease agreement that was recognised in last year's revenues.

During the summer, renovation works took place at the Tartu Kaubamaja Centre, bringing a new level of quality to the shopping environment on the ground floor and selected areas of the third floor. In total, nearly one-third of the rentable net area underwent refurbishment. The Food Department located on the ground floor and the common areas of the centre were completely renovated. With a new concept, interior design, and an expanded product range, the renewed Food Department has become the most diverse and inspiring grocery store in the area. The interior design project for the ground floor common areas was created by architects from the London-based firm Highly Creative Minds. During the renovation, the children's play area "Mängula" and the Apollo bookstore, both located on the third floor, were expanded. Apollo also fully upgraded its retail space and built a new, larger space for book presentations.

In September, the Latvian real estate company sold the Ogre commercial building to an external party.

The real estate companies continue to improve several store buildings to make them more energy-efficient, thereby raising the energy class of the buildings.

Personnel

The Group's average number of employees for the first nine months of 2024 was 4,780, an increase of 1.1% compared to the same period in 2023. Total labour costs (wages and social tax expenses) for the first nine months of 2024 were 80.9 million euros, a 3.3% increase compared to the same period last year. In the third quarter, labour costs increased by 2.4% compared to the previous year, while the average number of employees decreased by 0.1%.

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 October 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 third quarter and first 9 months of 2024 as set out on pages 14 to 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 October 2024

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros

| | Note | 30.09.2024 | 31.12.2023 |
|--|------|----------------|----------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 2 | 12,772 | 42,064 |
| Trade and other receivables | 3 | 28,757 | 25,568 |
| Inventories | 5 | 105,288 | 98,254 |
| Total current assets | | 146,817 | 165,886 |
| Non-current assets | | | |
| Long-term receivables and prepayments | 8 | 245 | 243 |
| Investments in associates | 7 | 1,738 | 1,732 |
| Investment property | 9 | 61,392 | 64,971 |
| Property, plant and equipment | 10 | 447,916 | 433,306 |
| Intangible assets | 11 | 25,555 | 25,370 |
| Total non-current assets | | 536,846 | 525,622 |
| TOTAL ASSETS | | 683,663 | 691,508 |
| LIABILITIES AND EQUITY | | | |
| Current liabilities | | | |
| Borrowings | 12 | 20,595 | 48,820 |
| Trade and other payables | 13 | 101,775 | 114,573 |
| Total current liabilities | | 122,370 | 163,393 |
| Non-current liabilities | | | |
| Borrowings | 12 | 304,157 | 258,857 |
| Trade and other payables | | 212 | 0 |
| Deferred tax liabilities | 14 | 5,356 | 5,356 |
| Provisions for other liabilities and charges | | 571 | 526 |
| Total non-current liabilities | | 310,296 | 264,739 |
| TOTAL LIABILITIES | | 432,666 | 428,132 |
| Equity | | | |
| Share capital | 15 | 16,292 | 16,292 |
| Statutory reserve capital | | 2,603 | 2,603 |
| Revaluation reserve | | 112,844 | 116,521 |
| Retained earnings | | 119,258 | 127,960 |
| TOTAL EQUITY | | 250,997 | 263,376 |
| TOTAL LIABILITIES AND EQUITY | | 683,663 | 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 | III quarter 2024 | III quarter 2023 | 9 months 2024 | 9 months 2023 |
|---|-------|---------------------|---------------------|------------------|------------------|
| Revenue | 16 | 229,107 | 234,113 | 687,933 | 694,661 |
| Other operating income | | 702 | 326 | 1,252 | 1,186 |
| Cost of merchandise | 5 | -166,081 | -170,489 | -499,682 | -505,471 |
| Service expenses | 17 | -14,733 | -14,195 | -44,951 | -44,320 |
| Staff costs | 18 | -26,199 | -25,577 | -80,891 | -78,298 |
| Depreciation, amortisation and impairment losses | 10,11 | -10,609 | -10,379 | -31,686 | -30,657 |
| Other expenses | | -241 | -222 | -1,031 | -805 |
| Operating profit | | 11,946 | 13,577 | 30,944 | 36,296 |
| Finance income | | 98 | 24 | 427 | 40 |
| Finance costs | | -3,488 | -2,495 | -9,278 | -6,592 |
| Finance income on shares of associates accounted for using the equity method | 7 | 33 | 56 | 166 | 166 |
| Profit before tax | | 8,589 | 11,162 | 22,259 | 29,910 |
| Income tax expense | 15 | 0 | 0 | -5,313 | -5,301 |
| NET PROFIT FOR THE FINANCIAL YEAR | | 8,589 | 11,162 | 16,946 | 24,609 |
| 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 | | 8,589 | 11,162 | 16,946 | 24,609 |
| Basic and diluted earnings per share (euros) | 19 | 0.21 | 0.27 | 0.42 | 0.60 |

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 | 9 months 2024 | 9 months 2023 |
|---|--------|----------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net profit | | 16,946 | 24,609 |
| Adjustments: | | | |
| Income tax on dividends | 15 | 5,312 | 5,299 |
| Interest expense | | 9,278 | 6,592 |
| Interest income | | -427 | -40 |
| Depreciation, amortisation | 10, 11 | 31,652 | 30,477 |
| Loss on write-off property, plant and equipment | 10 | 34 | 180 |
| Profit/loss on sale of property, plant and equipment | 10 | 243 | -27 |
| Profit on sale of investment property | 9 | -159 | 0 |
| Effect of equity method | 7 | -166 | -166 |
| Interest paid on lease liabilities | 12 | -3,594 | -2,621 |
| Change in inventories | | -8,610 | -8,547 |
| Change in receivables and prepayments related to operating activities | | -3,188 | 5,003 |
| Change in liabilities and prepayments related to operating activities | | -12,761 | -14,235 |
| TOTAL CASH FLOWS FROM OPERATING ACTIVITIES | | 34,560 | 46,524 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | 10 | -27,691 | -19,635 |
| Proceeds from sale of property, plant and equipment | 10 | 2,109 | 304 |
| Purchase of investment property | 9 | -62 | -647 |
| Proceeds from sale of investment property | 9 | 3,800 | 0 |
| Purchase of intangible assets | 11 | -1,592 | -1,151 |
| Business combination | 6 | 0 | -2,328 |
| Cash acquired from business combination | 6 | 0 | 71 |
| Dividends received | 7 | 160 | 130 |
| Interest received | | 427 | 40 |
| TOTAL CASH FLOWS USED IN INVESTING ACTIVITIES | | -22,849 | -23,216 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from borrowings | 12 | 26,880 | 35,473 |
| Repayments of borrowings | 12 | -12,064 | -14,329 |
| Change in overdraft balance | 12 | -2,272 | -8,111 |
| Payments of principal or leases | 12 | -13,232 | -13,039 |
| Dividends paid | 15 | -29,324 | -27,695 |
| Income tax on dividends paid | 15 | -5,312 | -5,299 |
| Interest paid | | -5,679 | -4,000 |
| TOTAL CASH FLOWS USED IN FINANCING ACTIVITIES | | -41,003 | -37,000 |
| TOTAL CASH FLOWS | | -29,292 | -13,692 |
| 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 | 12,772 | 8,744 |
| Net change in cash and cash equivalents | | -29,292 | -13,692 |

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 capital | 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 | 24,609 | 24,609 |
| Total comprehensive loss for the reporting period | 0 | 0 | 0 | 24,609 | 24,609 |
| Reclassification of depreciation of revalued land and buildings | 0 | 0 | -1,840 | 1,840 | 0 |
| Dividends paid | 0 | 0 | 0 | -27,696 | -27,696 |
| Total transactions with owners | 0 | 0 | 0 | -27,696 | -27,696 |
| Balance as of 30.09.2023 | 16,292 | 2,603 | 105,141 | 114,536 | 238,572 |
| 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 | 16,946 | 16,946 |
| Total comprehensive loss for the reporting period | 0 | 0 | 0 | 16,946 | 16,946 |
| Reclassification of depreciation of revalued land and buildings | 0 | 0 | -3,677 | 3,677 | 0 |
| Dividends paid | 0 | 0 | 0 | -29,325 | -29,325 |
| Total transactions with owners | 0 | 0 | 0 | -29,325 | -29,325 |
| Balance as of 30.09.2024 | 16,292 | 2,603 | 112,844 | 119,258 | 250,997 |

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 third quarter and first 9 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

| | 30.09.2024 | 31.12.2023 |
|--|---------------|---------------|
| Cash on hand | 994 | 1,261 |
| Bank accounts | 11,036 | 3,252 |
| Overnight deposit | 0 | 36,088 |
| Cash in transit | 742 | 1,463 |
| Total cash and cash equivalents | 12,772 | 42,064 |

Note 3. Trade and other receivables

in thousands of euros

| | 30.09.2024 | 31.12.2023 |
|---|---------------|---------------|
| Trade receivables (Note 4) | 22,312 | 22,456 |
| Other short-term receivables | 1,220 | 286 |
| Total financial assets from balance sheet line "Trade and other receivables" | 23,532 | 22,742 |
| Prepayment for goods | 4,247 | 1,619 |
| Other prepaid expenses | 883 | 1,150 |
| Prepaid rental expenses | 12 | 17 |
| Prepaid taxes (Note 14) | 83 | 40 |
| Total trade and other receivables | 28,757 | 25,568 |

Note 4. Trade receivables

in thousands of euros

| | 30.09.2024 | 31.12.2023 |
|--|---------------|---------------|
| Trade receivables | 20,520 | 19,355 |
| Allowance for doubtful receivables | -101 | -151 |
| Receivables from related parties (Note 20) | 424 | 542 |
| Credit card payments (receivables) | 1,469 | 2,710 |
| Total trade receivables | 22,312 | 22,456 |

Note 5. Inventories

in thousands of euros

| | 30.09.2024 | 31.12.2023 |
|----------------------------|----------------|---------------|
| Goods purchased for resale | 104,518 | 97,478 |
| Tare and materials | 770 | 776 |
| Total inventories | 105,288 | 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

| | III quarter 2024 | III quarter 2023 | 9 months 2024 | 9 months 2023 |
|---|---------------------|---------------------|------------------|------------------|
| Write-down and write-off of inventories | 3,265 | 3,208 | 9,807 | 8,960 |
| Inventory stocktaking deficit | 835 | 838 | 2,536 | 2,805 |
| Total materials and consumables used | 4,100 | 4,046 | 12,343 | 11,765 |

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 30.09.2024 | 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.

| | 30.09.2024 | 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 | 166 | 240 |
| Dividends received | -160 | -230 |
| Investment in the associate at the end of the accounting period | 1,738 | 1,732 |

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

| | 30.09.2024 | | 31.12.2023 | |
|-------------------------------|---------------------|---------------------|------------------|------------------|
| Current assets | 178 | | 138 | |
| Property, plant and equipment | 3,359 | | 3,388 | |
| Current liabilities | 60 | | 59 | |
| Owners' equity | 3,478 | | 3,467 | |
| | III quarter 2024 | III quarter 2023 | 9 months 2024 | 9 months 2023 |
| Revenue | 153 | 137 | 428 | 412 |
| Net profit | 118 | 113 | 313 | 308 |

Note 8. Long-term receivables and prepayments

in thousands of euros

| | 30.09.2024 | | 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 |
| Disposals | -3,641 |
| Carrying value as at 30.09.2024 | 61,392 |

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 9 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.

During the reporting period, SIA TKM Latvija sold a Latvian real estate object in Ogre in the amount of 3,641 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 | 1,374 | 0 | 2,573 | 4,357 | 19,387 | 27,691 |
| Addition to right-of use assets | 0 | 7,534 | 0 | 0 | 0 | 7,534 |
| Other reclassifications | 0 | 0 | 212 | 0 | 0 | 212 |
| Reclassification from intangible assets (Note 11) | 0 | 0 | 0 | 0 | 864 | 864 |
| Reclassification to inventory | 0 | 0 | -338 | 0 | 0 | -338 |
| Reclassification to property, plant and equipment from inventory | 0 | 0 | 1,948 | 1 | -36 | 1,913 |
| Disposals | -1,887 | 0 | -464 | -1 | 0 | -2,352 |
| Write-offs | 0 | 0 | -18 | -3 | -13 | -34 |
| Adjustment to right-of use assets | 0 | 10,229 | 0 | 0 | 0 | 10,229 |
| Depreciation | -5,636 | -15,024 | -5,658 | -4,791 | 0 | -31,109 |
| 30.09.2024 | | | | | | |
| Cost or revalued amount | 210,871 | 264,875 | 77,027 | 63,975 | 44,377 | 661,125 |
| Accumulated depreciation and impairment | -5,470 | -104,551 | -48,313 | -45,904 | -8,971 | -213,209 |
| Carrying value | 205,401 | 160,324 | 28,714 | 18,071 | 35,406 | 447,916 |

The cost of investments for the 9 months of 2024 amounted to 29,283 thousand euros (including purchases of property, plant and equipment in the amount of 27,691 thousand euros and purchases of intangible assets amounted to 1,592 thousand euros).

The cost of purchases of property, plant and equipment made in reporting period in the supermarkets business segment was 4,950 thousand euros. During the reporting period, new Selver supermarkets were opened in the largest Rocca al Mare shopping centre in Tallinn's Haabersti district and in Raadi in Tartu municipality. 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 3,392 thousand euros. During the reporting period, Kaubamaja in Tartu opened a Food Department that underwent a thorough renovation and a new e-store with the latest technical solutions to improve the customer's shopping journey.

The cost of purchases of property, plant and equipment in the reporting period was 939 thousand euros in the car trade business segment.

The cost of purchases of property, plant and equipment in the reporting period was 280 thousand euros in the security business segment.

The cost of purchases of property, plant and equipment in the real estate business segment amounted to 18,130 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. The building of the logistics centre was completed in September 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 | 1,592 | 1,592 |
| Reclassification to property, plant and equipment (Note 10) | 0 | 0 | 0 | -864 | -864 |
| Amortisation | 0 | -221 | -13 | -309 | -543 |
| 30.09.2024 | | | | | |
| Cost | 19,049 | 2,243 | 120 | 8,158 | 29,570 |
| Accumulated amortisation and impairment | 0 | -1,374 | -62 | -2,579 | -4,015 |
| Carrying value | 19,049 | 869 | 58 | 5,579 | 25,555 |

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 1,592 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 | 30.09.2024 | 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 | 30.09.2024 | 31.12.2023 |
|------------------------------------|---------------|---------------|
| Short-term borrowings | | |
| Overdraft | 5,089 | 7,361 |
| Bank loans | 7,472 | 16,126 |
| Lease liabilities | 4,323 | 18,722 |
| Other borrowings | 3,711 | 6,611 |
| Total short-term borrowings | 20,595 | 48,820 |

| in thousands of euros | 30.09.2024 | 31.12.2023 |
|-----------------------------------|----------------|----------------|
| Long-term borrowings | | |
| Bank loans | 115,870 | 92,712 |
| Lease liabilities | 169,544 | 150,614 |
| Other borrowings | 18,743 | 15,531 |
| Total long-term borrowings | 304,157 | 258,857 |
| Total borrowings | 324,752 | 307,677 |

Borrowings received

in thousands of euros

| | III quarter 2024 | III quarter 2023 | 9 months 2024 | 9 months 2023 |
|----------------------------------|---------------------|---------------------|------------------|------------------|
| Overdraft | 493 | 0 | 0 | 0 |
| Bank loans | 0 | 0 | 20,065 | 25,421 |
| Other borrowings | 1,586 | 4,985 | 6,815 | 10,052 |
| Total borrowings received | 2,079 | 4,985 | 26,880 | 35,473 |

Borrowings paid

in thousands of euros

| | III quarter 2024 | III quarter 2023 | 9 months 2024 | 9 months 2023 |
|------------------------------|---------------------|---------------------|------------------|------------------|
| Overdraft | 0 | 7,462 | 2,272 | 8,111 |
| Bank loans | 1,877 | 1,816 | 5,561 | 10,769 |
| Lease liabilities | 4,212 | 4,385 | 13,232 | 13,039 |
| Other borrowings | 2,125 | 1,215 | 6,503 | 3,560 |
| Total borrowings paid | 8,214 | 14,878 | 27,568 | 35,479 |

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 30.09.2024, the repayment dates of bank loans are between 05.12.2024 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 4.86% (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 2.65% (31.12.2023: 2.21%).

Net debt reconciliation

in thousands of euros

| | 30.09.2024 | 31.12.2023 |
|--------------------------------------|-----------------|-----------------|
| Cash and cash equivalents (Note 2) | 12,772 | 42,064 |
| Short-term borrowings | -20,595 | -48,820 |
| Long-term borrowings | -304,157 | -258,857 |
| Net debt | -311,980 | -265,613 |
| Cash and cash equivalents (Note 2) | 12,772 | 42,064 |
| Gross debt – fixed interest rates | -173,867 | -169,336 |
| Gross debt – variable interest rates | -150,885 | -138,341 |
| Net debt | -311,980 | -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) | -29,292 | 2,272 | -10,953 | 16,826 | -21,147 |
| Interest accrued | 0 | 0 | -3,863 | -3,594 | -7,457 |
| New lease contracts | 0 | 0 | 0 | -7,534 | -7,534 |
| Revaluation of lease liabilities | 0 | 0 | 0 | -10,229 | -10,229 |
| Net debt 30.09.2024 | 12,772 | -5,089 | -145,796 | -173,867 | -311,980 |

Note 13. Trade and other payables

in thousands of euros

| | 30.09.2024 | 31.12.2023 |
|---|----------------|----------------|
| Trade payables | 73,569 | 77,544 |
| Payables to related parties (Note 20) | 2,580 | 4,091 |
| Other accrued expenses | 590 | 997 |
| Prepayments by tenants | 3,446 | 4,092 |
| Total financial liabilities from balance sheet line "Trade and other payables" | 80,185 | 86,724 |
| Taxes payable (Note 14) | 9,722 | 12,151 |
| Employee payables | 8,431 | 12,242 |
| Prepayments | 3,437 | 3,456 |
| Total trade and other payables | 101,775 | 114,573 |

Note 14. Taxes

in thousands of euros

| | 30.09.2024 | | 31.12.2023 | |
|--------------------------|---------------|---------------|---------------|---------------|
| | Prepaid taxes | Taxes payable | Prepaid taxes | Taxes payable |
| Prepaid taxes | 83 | 0 | 40 | 0 |
| Value added tax | 0 | 3,433 | 0 | 5,810 |
| Personal income tax | 0 | 1,768 | 0 | 1,711 |
| Social security taxes | 0 | 4,094 | 0 | 4,132 |
| Corporate income tax | 0 | 41 | 0 | 110 |
| Unemployment insurance | 0 | 267 | 0 | 266 |
| Mandatory funded pension | 0 | 119 | 0 | 122 |
| Total taxes | 83 | 9,722 | 40 | 12,151 |

As of 30.09.2024 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 30.09.2024 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

| III 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 | 149,542 | 21,543 | 50,678 | 5,621 | 1,723 | 0 | 0 | 229,107 |
| Inter-segment revenue | 446 | 1,213 | 72 | 1,802 | 3,672 | -7,205 | 0 | 0 |
| Total revenue | 149,988 | 22,756 | 50,750 | 7,423 | 5,395 | -7,205 | 0 | 229,107 |
| EBITDA | 8,512 | -77 | 3,838 | 594 | 4,001 | 0 | 5,687 | 22,555 |
| Segment depreciation and impairment losses | -3,000 | -701 | -410 | -164 | -1,307 | 0 | -5,027 | -10,609 |
| Operating profit | 5,512 | -778 | 3,428 | 430 | 2,694 | 0 | 660 | 11,946 |
| Finance income | 278 | 424 | 12 | 1 | 431 | -1,048 | 0 | 98 |
| Finance income on shares of associates | 0 | 33 | 0 | 0 | 0 | 0 | 0 | 33 |
| Finance costs | -520 | -773 | -222 | -43 | -1,503 | 1,048 | -1,475 | -3,488 |
| Income tax | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net profit/(-loss) | 5,270 | -1,094 | 3,218 | 388 | 1,622 | 0 | -815 | 8,589 |
| incl. in Estonia | 5,270 | -1,094 | 2,887 | 388 | 1,372 | 0 | -815 | 8,008 |
| incl. in Latvia | 0 | 0 | 185 | 0 | 282 | 0 | 0 | 467 |
| incl. in Lithuania | 0 | 0 | 146 | 0 | -32 | 0 | 0 | 114 |
| Segment assets | 149,581 | 98,403 | 58,754 | 9,635 | 316,656 | -109,690 | 160,324 | 683,663 |
| Segment liabilities | 109,178 | 73,252 | 29,851 | 7,010 | 117,436 | -77,928 | 173,867 | 432,666 |
| Segment investments in property, plant and equipment | 3,086 | 2,644 | 441 | 67 | 5,307 | 0 | 0 | 11,545 |
| Segment investments in intangible assets | 0 | 359 | 0 | 5 | 0 | 0 | 0 | 364 |

in thousands of euros

| III 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 | 153,468 | 23,867 | 51,062 | 4,026 | 1,690 | 0 | 0 | 234,113 |
| Inter-segment revenue | 256 | 1,120 | 83 | 1,843 | 3,628 | -6,930 | 0 | 0 |
| Total revenue | 153,724 | 24,987 | 51,145 | 5,869 | 5,318 | -6,930 | 0 | 234,113 |
| EBITDA | 9,656 | 701 | 4,207 | 190 | 3,943 | 0 | 5,259 | 23,956 |
| Segment depreciation and impairment losses | -3,155 | -714 | -346 | -134 | -1,151 | 0 | -4,879 | -10,379 |
| Operating profit | 6,501 | -13 | 3,861 | 56 | 2,792 | 0 | 380 | 13,577 |
| Finance income | 322 | 382 | 59 | 1 | 423 | -1,163 | 0 | 24 |
| Finance income on shares of associates | 0 | 56 | 0 | 0 | 0 | 0 | 0 | 56 |
| Finance costs | -576 | -868 | -277 | -29 | -1,034 | 1,163 | -874 | -2,495 |
| Income tax | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net profit/(-loss) | 6,247 | -443 | 3,643 | 28 | 2,181 | 0 | -494 | 11,162 |
| incl. in Estonia | 6,247 | -443 | 3,063 | 28 | 2,093 | 0 | -494 | 10,494 |
| incl. in Latvia | 0 | 0 | 215 | 0 | 115 | 0 | 0 | 330 |
| incl. in Lithuania | 0 | 0 | 365 | 0 | -27 | 0 | 0 | 338 |
| Segment assets | 149,733 | 98,575 | 51,637 | 8,490 | 287,026 | -111,845 | 153,191 | 636,807 |
| Segment liabilities | 116,259 | 72,904 | 26,007 | 5,947 | 92,965 | -80,083 | 164,236 | 398,235 |
| Segment investments in property, plant and equipment | 6,676 | 775 | 274 | 117 | -180 | 0 | 0 | 7,662 |
| Segment investments in intangible assets | 316 | 16 | 0 | 0 | 0 | 0 | 0 | 332 |

in thousands of euros

| 9 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 | 446,284 | 70,965 | 149,616 | 15,896 | 5,172 | 0 | 0 | 687,933 |
| Inter-segment revenue | 889 | 3,645 | 305 | 4,982 | 10,965 | -20,786 | 0 | 0 |
| Total revenue | 447,173 | 74,610 | 149,921 | 20,878 | 16,137 | -20,786 | 0 | 687,933 |
| EBITDA | 21,384 | 956 | 10,714 | 859 | 11,891 | 0 | 16,826 | 62,630 |
| Segment depreciation and impairment losses | -9,227 | -2,123 | -1,198 | -469 | -3,645 | 0 | -15,024 | -31,686 |
| Operating profit | 12,157 | -1,167 | 9,516 | 390 | 8,246 | 0 | 1,802 | 30,944 |
| Finance income | 864 | 1,276 | 43 | 2 | 1,284 | -3,042 | 0 | 427 |
| Finance income on shares of associates (Note 7) | 0 | 166 | 0 | 0 | 0 | 0 | 0 | 166 |
| Finance costs | -1,570 | -2,372 | -694 | -100 | -3,990 | 3,042 | -3,594 | -9,278 |
| Income tax | -1,607 | -163 | -1,090 | 0 | -2,453 | 0 | 0 | -5,313 |
| Net profit/(-loss) | 9,844 | -2,260 | 7,775 | 292 | 3,087 | 0 | -1,792 | 16,946 |
| incl. in Estonia | 9,844 | -2,260 | 6,851 | 292 | 2,590 | 0 | -1,792 | 15,525 |
| incl. in Latvia | 0 | 0 | 349 | 0 | 591 | 0 | 0 | 940 |
| incl. in Lithuania | 0 | 0 | 575 | 0 | -94 | 0 | 0 | 481 |
| Segment assets | 149,581 | 98,403 | 58,754 | 9,635 | 316,656 | -109,690 | 160,324 | 683,663 |
| Segment liabilities | 109,178 | 73,252 | 29,851 | 7,010 | 117,436 | -77,928 | 173,867 | 432,666 |
| Segment investments in property, plant and equipment (Note 10) | 4,950 | 3,392 | 939 | 280 | 18,130 | 0 | 0 | 27,691 |
| Segment investments in intangible assets (Note 11) | 0 | 1,582 | 2 | 8 | 0 | 0 | 0 | 1,592 |

in thousands of euros

| 9 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 | 455,151 | 75,596 | 148,640 | 10,403 | 4,871 | 0 | 0 | 694,661 |
| Inter-segment revenue | 1,091 | 3,338 | 292 | 4,936 | 10,915 | -20,572 | 0 | 0 |
| Total revenue | 456,242 | 78,934 | 148,932 | 15,339 | 15,786 | -20,572 | 0 | 694,661 |
| EBITDA | 22,446 | 2,818 | 12,895 | 549 | 12,585 | 0 | 15,660 | 66,953 |
| Segment depreciation and impairment losses | -9,185 | -2,114 | -944 | -346 | -3,491 | 0 | -14,577 | -30,657 |
| Operating profit | 13,261 | 704 | 11,951 | 203 | 9,094 | 0 | 1,083 | 36,296 |
| Finance income | 782 | 983 | 138 | 2 | 952 | -2,817 | 0 | 40 |
| Finance income on shares of associates | 0 | 166 | 0 | 0 | 0 | 0 | 0 | 166 |
| Finance costs | -1,475 | -2,102 | -730 | -66 | -2,415 | 2,817 | -2,621 | -6,592 |
| Income tax | -1,139 | -228 | -1,158 | 0 | -2,776 | 0 | 0 | -5,301 |
| Net profit/(-loss) | 11,429 | -477 | 10,201 | 139 | 4,855 | 0 | -1,538 | 24,609 |
| incl. in Estonia | 11,429 | -477 | 7,871 | 139 | 4,601 | 0 | -1,538 | 22,025 |
| incl. in Latvia | 0 | 0 | 877 | 0 | 321 | 0 | 0 | 1,198 |
| incl. in Lithuania | 0 | 0 | 1,453 | 0 | -67 | 0 | 0 | 1,386 |
| Segment assets | 149,733 | 98,575 | 51,637 | 8,490 | 287,026 | -111,845 | 153,191 | 636,807 |
| Segment liabilities | 116,259 | 72,904 | 26,007 | 5,947 | 92,965 | -80,083 | 164,236 | 398,235 |
| Segment investments in property, plant and equipment | 16,192 | 1,773 | 796 | 288 | 586 | 0 | 0 | 19,635 |
| Segment investments in intangible assets | 316 | 818 | 0 | 17 | 0 | 0 | 0 | 1,151 |

External revenue according to types of goods and services sold

in thousands of euros

| | III quarter 2024 | III quarter 2023 | 9 months 2024 | 9 months 2023 |
|--------------------------------|---------------------|---------------------|------------------|------------------|
| Retail revenue | 200,242 | 208,661 | 600,726 | 622,111 |
| Wholesale revenue | 14,987 | 13,356 | 45,815 | 38,780 |
| Rental income | 2,725 | 2,659 | 8,242 | 7,941 |
| Revenue for rendering services | 11,153 | 9,437 | 33,150 | 25,829 |
| Total revenue | 229,107 | 234,113 | 687,933 | 694,661 |

External revenue by client location

in thousands of euros

| | III quarter 2024 | III quarter 2023 | 9 months 2024 | 9 months 2023 |
|--------------|---------------------|---------------------|------------------|------------------|
| Estonia | 190,436 | 194,639 | 614,816 | 621,580 |
| Latvia | 29,237 | 30,240 | 45,541 | 47,638 |
| Lithuania | 9,434 | 9,234 | 27,576 | 25,443 |
| Total | 229,107 | 234,113 | 687,933 | 694,661 |

Distribution of non-current assets* by location of assets

in thousands of euros

| | 30.09.2024 | 31.12.2023 |
|--------------|----------------|----------------|
| Estonia | 503,399 | 488,285 |
| Latvia | 29,134 | 33,307 |
| Lithuania | 2,575 | 2,298 |
| Total | 535,108 | 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

| | III quarter 2024 | III quarter 2023 | 9 months 2024 | 9 months 2023 |
|---|---------------------|---------------------|------------------|------------------|
| Rental expenses | 218 | 142 | 562 | 470 |
| Heat and electricity expenses | 2,928 | 2,883 | 9,826 | 10,598 |
| Expenses related to premises | 2,679 | 2,679 | 8,274 | 8,275 |
| Cost of services and materials related to sales | 1,781 | 1,808 | 5,298 | 5,569 |
| Marketing expenses | 2,357 | 2,177 | 7,153 | 6,243 |
| Other operating expenses | 1,474 | 1,431 | 3,939 | 4,016 |
| Computer and communication costs | 2,165 | 1,842 | 6,246 | 5,553 |
| Expenses related to personnel | 1,131 | 1,233 | 3,653 | 3,596 |
| Total services expenses | 14,733 | 14,195 | 44,951 | 44,320 |

Note 18. Staff costs

in thousands of euros

| | III quarter 2024 | III quarter 2023 | 9 months 2024 | 9 months 2023 |
|---|---------------------|---------------------|------------------|------------------|
| Wages and salaries | 19,943 | 19,475 | 61,545 | 59,506 |
| Social security taxes | 6,256 | 6,102 | 19,346 | 18,792 |
| Total staff costs | 26,199 | 25,577 | 80,891 | 78,298 |
| Average wages per employee per month (euros) | 1,379 | 1,346 | 1,431 | 1,398 |
| Average number of employees in the reporting period | 4,820 | 4,824 | 4,780 | 4,730 |

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.

| | III quarter 2024 | III quarter 2023 | 9 months 2024 | 9 months 2023 |
|--|---------------------|---------------------|------------------|------------------|
| Net profit (in thousands of euros) | 8,589 | 11,162 | 16,946 | 24,609 |
| Weighted average number of shares | 40,729,200 | 40,729,200 | 40,729,200 | 40,729,200 |
| Basic and diluted earnings per share (euros) | 0.21 | 0.27 | 0.42 | 0.60 |

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 9 months 2024 | Sales 9 months 2024 | Purchases 9 months 2023 | Sales 9 months 2023 |
|--|-------------------------------|---------------------------|-------------------------------|---------------------------|
| Parent | 190 | 327 | 191 | 34 |
| Entities in the Parent's consolidation group | 23,716 | 3,092 | 29,314 | 2,547 |
| Members of management and supervisory boards | 0 | 18 | 0 | 9 |
| Other related parties | 22 | 13 | 26 | 10 |
| Total | 23,928 | 3,450 | 29,531 | 2,600 |

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:

| | 30.09.2024 | 31.12.2023 |
|--|-------------------|-------------------|
| Receivables from entities in the in the Parent's consolidation group | 423 | 540 |
| Members of management and supervisory boards | 0 | 2 |
| Total receivables from related parties (Note 4) | 424 | 542 |
| | 30.09.2024 | 31.12.2023 |
| Parent | 26 | 24 |
| Entities in the Parent's consolidation group | 2,554 | 4,065 |
| Other related parties | 0 | 2 |
| Total liabilities to related parties (Note 13) | 2,580 | 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 326 thousand euros, interest rate 2.71% (2023: 81 thousand euros, interest rate 1.27%). As at 30 September 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 2,883 thousand euros (2023 9 months: 2,379 thousand euros). Short-term benefits to supervisory boards' members of the Group in reporting period including social taxes amounted to 701 thousand euros (2023 9 months: 643 thousand euros).

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