TKM Grupp AS
Consolidated Interim Report for the First Quarter of 2025
(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 2025
End of financial year:	31 December 2025
Beginning of interim report period:	1 January 2025
End of interim report period:	31 March 2025
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 Käo (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 March 31, 2025:

Selver supermarkets	Location	Shareholding as of 31.03.2025	Shareholding as of 31.12.2024
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%

Car trade	Location	Shareholding as of 31.03.2025	Shareholding as of 31.12.2024
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%

Changes in structure

On 7 April 2025, a demerger agreement was signed for UAB Motus Auto, the Lithuanian subsidiary of TKM Auto OÜ, which operates within the car segment of TKM Grupp AS. The transaction constitutes a strategic step aimed at separating the KIA and Škoda business lines and enhancing their operational independence. As a result of the demerger, UAB Motus Auto (the demerging company) will adopt its former business name, UAB KIA Auto, and will continue the retail and servicing operations related to KIA vehicles. Concurrently, a new subsidiary, UAB Motus Auto (the acquiring company), will be established under the historical name and will assume responsibility for the Škoda sales and service business. The acquiring company will be a wholly owned subsidiary of TKM Auto OÜ, with a share capital of 1,000 euros. The share capital of UAB KIA Auto will be reduced in accordance with Lithuanian legislation. Each of the Lithuanian subsidiaries will be headed by a dedicated managing director with substantial experience and a focus on the respective brand. The registration of the demerger in the Lithuanian Commercial Register is expected to take place during the first half of 2025.

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.

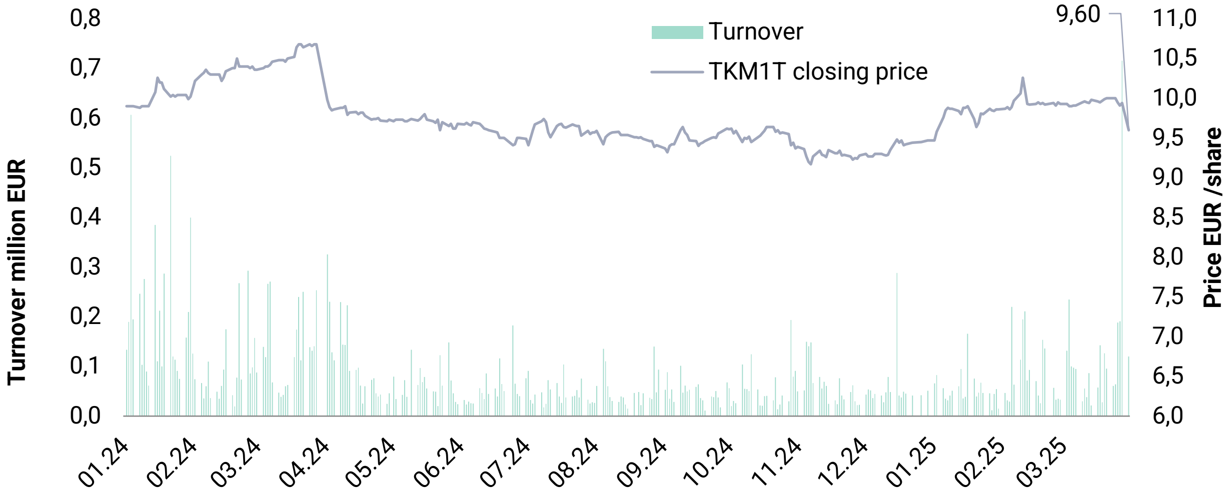
The council of the Group have no right to issue or buy back shares. In addition, there are no commitments between the company and its employees providing for compensation in mergers and acquisitions under article 19' of Stock Market Trade Act.

The share with a price of 9.47 euros at the end of 2024 was closed in the end of March 2025 at the level of 9.60 euros, increased by 1.4% over the three months.

According to the notice of regular annual general meeting of the shareholders published on 20 February 2025, the management board proposed to pay dividends 0.65 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 31.03.2025.

In euros



SHARE	1Q/25	1Q/24
Average number of shares (1000 pcs)	40,729.2	40,729.2
Equity capital per share (EUR/share)	5.61	5.71
Share’s closing price (EUR/share)	9.60	10.68
Earnings per share (EUR/share)	-0.16	-0.04

Risks

Against the backdrop of a prolonged economic downturn and rising tax burden, consumer purchasing behaviour has become significantly more rational and cautious. While analysts remain cautiously optimistic regarding the recovery of the Estonian economy, the restoration of consumer confidence is expected to take several more months. Consumers are increasingly favouring discounted products and stores offering lower prices. The Group’s Selver supermarkets segment has adjusted its pricing policy and market positioning to better meet customer expectations. In addition to domestic factors, the increasingly volatile international economic climate poses a growing risk, potentially affecting Estonian consumer behaviour through global trade and further dampening economic growth.

The risk of an economic downturn in Estonia associated with the introduction of the car tax materialised in the first quarter. The enforcement of the tax at the beginning of the year led to a sharp decline in the new car market, with market volumes falling by more than half compared to the same period last year. The Group's car segment, which operates across Baltic countries, allows for the diversification of the impact stemming from tax policy changes. In addition, the risk is mitigated by the range of electric vehicles offered under the KIA brand imported by the Group, which are more favourably taxed under the current Estonian framework and align with the growing consumer interest in environmentally friendly and tax-efficient solutions.

Sustainable entrepreneurship

The Group remains focused on environmental and energy efficiency matters, while also contributing to society and supporting employee well-being and development through various support initiatives.

Particular emphasis is placed on engaging employees in corporate social responsibility initiatives and training across all Group companies. Kaubamaja recognised its Head of Marketing and top customer service staff for their contribution to the 2024 Christmas campaign, during which 8,000 euros were raised for the Minu Unistuste Päev (My Dream Day) Foundation. Employees were also offered access to the digital training module “Moelõuna”, which presented the new fashion season and was developed and delivered by Kaubamaja’s own employees. Employee security was enhanced through training sessions organised by the Estonian Rescue Board, including “Preparedness for Civil Emergencies” and “Communicating with Difficult Clients or Opponents”. The personnel database was supplemented with emergency contact details for employees’ next of kin. Occupational health was promoted through a lecture on foot health and a workshop on preparing healthy snacks. To engage younger audiences, the Group organised a “Take Your Child to Work” day and a first aid training session. For the children and grandchildren of Kaubamaja employees, a drawing competition was held in honour of the Year of the Snake, with the submitted artworks later showcased in an exhibition. Additionally, donations were collected in support of the "Šikilt lõpuaktusele" project, which aims to help young people from large families purchase formal attire for graduation ceremonies.

Selver supported a variety of community projects, including the gymnastics festival of Paide Hammerbeck Primary School, swimming competitions of Saku Swimming Club, a Shrovetide celebration in Maaritsa village, the theatre café of Rosma School, Estonia's largest heart health event on Rapla's central square (in cooperation with Rapla municipality and the local cultural centre), the flag-raising ceremony of Laulasmaa School (in cooperation with Ott and Matilda Café), the Ilmar Randma Cup supported by Rannarootsi Selver, the Playback Show organised by MTÜ Aktiivne Põltsamaa, and promotional campaigns by MTÜ Saaremaa Koostöökogu. Selver also provided advertising space for a dictation event held in celebration of Estonian Language Day. In the Selver supermarkets segment, a Culture Club was established, offering employees free access to cultural events. In the first quarter of the year, more than 20 Selver employees took advantage of this opportunity.

The Group also remained active in the field of sport. Viking Motors supported the US Tennis Academy and athlete Regina Ermits, while Selver continued its cooperation with the volleyball club Selver TalTech.

Kulinaaria OÜ, the producer of the Selveri Köök brand products, continued its efforts to reduce biowaste. Departments weigh waste to gather data and adjust production processes accordingly, with the aim of minimising food waste.

Economic environment

According to Statistics Estonia, the Estonian gross domestic product (GDP) grew by 1.2% in the fourth quarter of 2024 compared to the same period of the previous year. The energy sector contributed the most to this positive development, followed by real estate activities, manufacturing, trade, and information and communication. Construction, by contrast, had a negative impact on GDP. Despite the modest recovery at the end of the year, Estonia's GDP contracted by 0.3% in 2024 overall. Analysts note that economic recovery is underway, although exiting the prolonged downturn caused by successive crises will take time. As a small and open economy, Estonia remains highly dependent on external markets. Consequently, global uncertainty and potential trade barriers continue to pose considerable risks. According to the latest economic forecast by Eesti Pank (the Bank of Estonia), GDP is expected to grow by 1.5% in 2025, with stronger growth anticipated in 2026 and 2027 (2.6% and 2.7%, respectively).

The recovery in export orders and increasing business confidence are expected to support economic growth; however, rapid price increases continue to constrain the pace of improvement. According to Statistics Estonia, the consumer price index fell by 0.5% in March 2025 compared to February, but rose by 4.4% year on year. Over the past 12 months, the prices of virtually all goods and services increased: goods by 2.1% and services by 8.1%. The main contributors to the annual rise in prices were food, transport, and housing-related expenses. Transport prices were particularly affected by the vehicle tax introduced in January, the effects of which are expected to persist through the end of the year. The month-on-month price decrease in March was mainly driven by lower electricity prices (-14.3%) and motor fuel prices (-4.1%). In contrast, food prices continued to rise, increasing by 0.7% over the month. In 2025, the prices of goods and services are expected to continue rising, driven by the implementation of the vehicle tax as well as increases in VAT and excise duty rates. Eesti Pank forecasts that average inflation in 2025 will reach 6%.

At the same time, the rise in income tax introduced at the start of the year is reducing net income, thereby constraining private consumption. The situation is expected to improve in 2026, when the removal of the so-called "tax hump" will ease the overall tax burden and improve the purchasing power of the average net wage. According to Statistics Estonia, the average monthly gross salary in 2024 rose by 8.1% to 1,981 euros. For 2025, Eesti Pank forecasts wage growth of 6.3%, which is broadly in line with the expected rate of inflation.

According to Statistics Estonia, the total volume of retail trade in current prices fell by 1.2% in the first two months of 2025. The strongest growth was recorded in other specialised stores (19.2%). Conversely, one of the largest declines was observed in the sale of motor vehicles, parts, and accessories, which dropped by 17.9%. In non-specialised stores (predominantly food retailers), sales revenue increased by 1.9% year on year during the same period. However, due to high inflation, volume sales in this segment have been declining since April 2022. In January and February of the current year, the volume of sales by these retail enterprises, i.e. sales at constant prices, declined by 2.1%. Preliminary data indicate that a total of 2,121 new passenger cars were sold in Estonia in the first quarter of 2025 — a 55% decrease year on year, reflecting consumers' response to the introduction of the motor vehicle tax at the beginning of the current year.

Economic results

Financial ratios

In million EUR	1Q/25	1Q24	Change %
Revenue	214.9	221.5	-3.0%
Selver supermarkets	148.3	146.4	1.3%
Department stores	22.7	24.0	-5.2%
Car trade	37.3	44.8	-16.8%
Security	4.6	4.5	1.6%
Real estate	2.0	1.7	15.7%
Gross profit margin%	*27.2%*	*26.8%*	*1.5%*
EBITDA	14.4	16.7	*-13.9%*
Selver supermarkets	3.8	4.3	*-12.9%*
Department stores	-0.8	-0.2	*264.7%*
Car trade	1.3	2.9	*-56.7%*
Security	0.1	0.0	*43.2%*
Real estate	4.1	4.0	*1.6%*
IFRS 16	6.0	5.6	*6.3%*
margin	*6.71%*	*7.55%*	*-11.2%*
Operating profit	3.7	6.1	*-40.4%*
margin	*1.70%*	*2.76%*	*-38.6%*
Net profit	-6.5	-1.5	*333.4%*
margin	*-3.05%*	*-0.68%*	*346.7%*
Earnings per share (EUR)	-0.16	-0.04	*333.4%*

Key ratios	**1Q/25**	**1Q24**
Return on equity (ROE)	-2.8%	-0.7%
Return on assets (ROA)	-1.0%	-0.2%
Quick ratio	0.97	0.90
Debt ratio	0.66	0.66
Inventory turnover (multiplier)	1.58	1.71
Sales revenue per employee (in million EUR)	0.045	0.046
Average number of employees	4,775	4,788

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*
Gross profit margin%	*= (Sales revenue - Cost of goods sold) / Sales revenue* 100%*

In the first quarter of 2025, the consolidated unaudited sales revenue of the Group was 214.9 million euros. Compared to the first quarter of 2024, the decline was 3.0%. The net loss for the reporting period was 6.5 million euros, which was 5.0 million euros lower compared to the profit of the first quarter of 2024, including income tax of 2.5 million euros more than in 2024. The pre-tax profit was 1.3 million euros, and it also decreased compared to the comparable result of the previous year by 2.5 million euros.

The first quarter was marked by an increasingly challenging economic environment, shaped both by turbulent global economic policymaking and domestic tax increases. The most significant impact on the Group's revenue stemmed from the vehicle tax introduced at the beginning of the year, which resulted in a year-on-year contraction of more than 50% in the Estonian new car market during the first quarter. Nevertheless, the Group's car segment revenue in Estonia declined by only approximately one-third. This negative impact was partly offset by stronger sales from subsidiaries in Latvia and Lithuania, and overall, the Group's car segment revenue declined by 16.8% compared to the same period last year. As a result, the Group's total revenue fell slightly below the level of the previous year. However, in the Selver supermarkets segment, the downward trend in sales revenue that had persisted for four consecutive quarters came to an end, with a growth of 1.3% achieved. Contributing factors included previous efforts to improve the segment's price image and the continued success of the "Golden Wednesday" campaign, which remains a customer favourite. The segment also continued to enhance supply chain efficiency through integration with the Group's logistics centre, aiming to increase the effectiveness of internal commercial processes. Both the security and real estate segments recorded revenue growth in the first quarter, and their respective pre-tax profits remained in line with the prior year's figures. Despite the impact of declining revenue on profitability, the Group's gross profitability did not deteriorate, as gross margins were maintained in the Group's non-retail segments. Nevertheless, the Group's retail segments were able to maintain a gross margin comparable to the previous year through effective inventory planning and well-executed promotional campaigns. Labour costs increased by 3.7%, while the total number of employees declined by 0.3%. Financial expenses, including loan and interest obligations, remained at the same level as in the previous year.

In the first quarter of 2025, renovation works were carried out on two floors of the Children's Department (Lastemaailm) at the Kaubamaja Tallinn department store. In March, the fully renewed Lastemaailm was opened, featuring a new concept. The addition of new brands and a lifestyle-oriented layout attracted a significant number of new customers to Lastemaailm in March. Within the department store segment, development work commenced on upgrading the I.L.U. e-store to a new platform and quality standard, with completion scheduled for the third quarter. The Group's Lithuanian real estate company continued the construction of a new KIA and Škoda showroom and service centre in Vilnius, aimed at supporting the expansion of the Group's car segment in the Lithuanian market. In Estonia, preparatory work has begun for the establishment of a new body repair workshop adjacent to the Peetri car dealership. This year has also seen the launch of several store renovation projects, with the objective of aligning the properties with current business needs and improving their energy efficiency. Preparations have also been made for the expansion of the Laulasmaa and Keila Selver stores.

At the end of the reporting period, the number of loyal customers exceeded 746,000, representing a year-on-year increase of 2.0%. The share of sales from loyal customers in the Group's retail sales was 87.0%.

As at 31 March 2025, the volume of assets of the Group was 681.3 million euros – a decrease of 0.1% compared to the results at the end of 2024 without the impact of IFRS 16.

Selver supermarkets

The consolidated sales revenue of the supermarket business segment for the first quarter of 2025 was 148.3 million euros, representing a 1.3% increase compared to the same period of the previous year. The average monthly revenue from goods per square metre of selling space was 0.39 thousand euros in the first quarter of 2025, reflecting a 2.3% decline year on year. On a like-for-like store basis, revenue from goods per square metre of selling space was 0.39 thousand euros, remaining at the previous year's level (change -0.8%). A total of 10.7 million purchases were made at Selver stores in the first quarter of 2025, marking a 2.7% increase compared to the previous year. The consolidated pre-tax profit of the supermarket segment was 0.7 million euros in the first quarter, which is 0.4 million euros less than the result for the same period last year. The consolidated net profit of the supermarket segment was 0.1 million euros, which was 0.7 million euros higher than in the prior year. The difference between net profit and profit before tax is attributable to income tax on dividends – this year, dividend income tax was 1.0 million euros lower than in the previous year. The base figures do not include data from Raadi and Rocca al Mare Selver stores opened in the third quarter of 2024, but are increased by data from Maardu Selver, which was closed in February of the current year.

Selver's sales performance has not remained unaffected by the broader challenges facing the Estonian retail environment, where consumer confidence continues to be subdued. The impact of various tax amendments and price increases has diminished consumers' ability to purchase goods and services. Purchasing decisions are made more cautiously, with shopping increasingly dispersed across multiple outlets in search of promotional offers, which has in turn led to a decrease in the average basket value. The volume of sales in the food and daily goods retail sector continues to show a downward trend. According to data from Statistics Estonia, in the first two months of 2025, retail sales revenue at current prices in the non-specialised store segment—primarily comprising food, tobacco, and alcohol—grew by 1.9%.

The economic performance of the first quarter of 2025 was affected by a decline in sales volumes and a slight decrease in the gross margin on goods sales due to a higher proportion of promotional items. This year's operating cost base has increased as a result of new store openings and also includes one-off expenses related to the closure of the Maardu store. The segment has successfully managed pressure from rising input prices for various services and materials, as well as optimised expenditure volumes, enabling operational efficiency indicators to be maintained at the same level as the previous year. Ongoing efforts to improve work processes have also helped to sustain labour efficiency.

In the second half of the year, Selver plans to renovate one store, incorporating environmentally sustainable solutions. Continued focus remains on product assortment and process optimisation. In the course of 2025, the Logistics Centre established in Maardu in 2024 will be fully integrated into the supply chain. Key priorities include increasing operational volumes on the Bolt Market and Wolt platforms and further developing the Selver e-store. At the beginning of the year, Selver's e-store was voted the public's favourite in the food and consumer goods category in a public vote organised by the Estonian E-Commerce Association.

The supermarket segment continues to operate responsibly and with a commitment to sustainability, aiming to continuously improve its activities to reduce environmental impact while offering customers value-driven and well-considered solutions. The segment's focus areas include reducing direct greenhouse gas emissions, increasing waste recycling, reducing food waste, improving packaging and packaging use, supporting short supply chains, and advancing fast and convenient digital solutions. Kulinaaria, the producer of Selveri Köök branded products, continues its active product development with the aim of offering customers a wide variety of new flavours, placing emphasis not only on maintaining high product quality but also on reducing the salt, sugar, and fat content of products. As a result of this product development, 15 new products reached store shelves during the first quarter. The main emphasis was placed on the confectionery segment, with new anniversary products added. New items were also introduced in the hot and cold ready meals categories, and the successful sushi segment was expanded. In celebration of Selver's 30th anniversary, a special pâté with a new flavour has been created.

As at the end of March, the supermarket segment includes 72 Selver stores, 2 Delice stores, a mobile store, and a café, with a total sales area of 123.8 thousand m². In addition, it includes e-Selver, e-store with the largest service area in Estonia, and the central kitchen Kulinaaria OÜ.

Department stores

The sales revenue of the department stores segment for the first quarter of 2025 amounted to 22.7 million euros, representing a 5.2% decrease compared to the same period in the previous year. The pre-tax loss totalled 1.7 million euros, increasing by 0.5 million euros year on year.

Sales revenue per square metre of selling space was 0.3 thousand euros per month in the first quarter, which is 5.2% lower than in the comparative period. The continued cooling of the economic environment persisted into the first quarter, negatively impacting the performance of industrial goods in the department stores. Due to milder than average winter months, the winter fashion discount campaign was extended into the first half of February, positively influencing sales. The inventory position was more optimal compared to the previous year, which eliminated the need for deep discounts during the period. In the grocery section, the distinctive product range continues to attract new loyal customers to the Food World stores, with sales results in line with expectations. Renovation works were carried out on two floors of the Children's World in Tallinn during the early months of the year, and in March a fully revamped department was opened under a new concept. The addition of new brands and lifestyle-based displays sparked significant customer interest.

The sales revenue of OÜ TKM Beauty Eesti, which operates the I.L.U. cosmetics stores, totalled 1.8 million euros in the first quarter of 2025, marking a 6.5% decrease compared to the same period in 2024. The segment posted a loss of 0.1 million euros, which is 0.1 million euros weaker than the profit recorded in the comparative period of 2024. First-quarter results were negatively affected by general consumer uncertainty, with most purchases taking place during promotional campaigns, exerting pressure on margins. Development work commenced on transferring the I.L.U. e-store to a new platform and enhancing its quality; this is expected to be completed in the third quarter.

Car trade

The car trade segment's sales revenue for the first quarter of 2025 amounted to 37.3 million euros. Revenue declined by 16.8% compared to the previous year. The segment's consolidated pre-tax profit totalled 0.7 million euros in the first quarter, which represents a decrease of 1.6 million euros year-on-year.

The first quarter of 2025 began under challenging market conditions for the Group's car segment. In addition to the customary seasonal slowdown at the beginning of the year, the Estonian car market was significantly impacted by the motor vehicle tax effective from January, which led consumers to postpone purchasing decisions. As a result, sales of new passenger cars in Estonia fell by 55% compared to the same period last year. The Group's car segment sold a total of 1,030 new passenger cars in the first three months of the year, representing a 23.6% decrease compared to the same period last year. In response to the market contraction, aggressive pricing campaigns were undertaken for popular models such as the KIA Sportage and KIA Ceed, which had a notable negative impact on the segment's profitability. Despite the downturn in the Estonian market, the Group's pan-Baltic business model in the car segment helps to diversify risks and maintain profitability. In addition, customer interest in electric and hybrid vehicles has grown, and sales of these vehicles are on an upward trend. The KIA range of electric vehicles has expanded—with the introduction of the new, more affordable KIA EV3 alongside the refreshed premium-class model EV6. Several important new launches are anticipated this year, including the KIA EV4 and the PV5 electric van. Second-half sales prospects are also supported by the upcoming market entry of the updated KIA Sportage and an entirely new Ceed model family.

In Lithuania, construction of the KIA–Škoda multi-brand dealership in Vilnius progressed according to plan. In Estonia, Viking Motors opened its new flagship KIA sales and service centre in Peetri at the beginning of the year. Preparations have also commenced for establishing a body repair workshop adjacent to the Peetri dealership.

Security segment

The security segment's non-group sales revenue for the first quarter of 2025 amounted to 4.6 million euros, representing a year-on-year increase of 1.6%. The segment posted a pre-tax loss of 0.1 million euros for the quarter, remaining at the same level as in the corresponding period last year.

The first quarter continued the trends observed at the end of the previous year. The economic environment continues to exert pressure on profit margins, with rising input costs on one hand and a cautious, price-sensitive market on the other. Within the segment, better results were achieved in technical surveillance and security equipment maintenance, with both portfolios recording growth. By contrast, security technology installation projects and cash handling services underperformed relative to the previous year.

Real estate

The real estate segment's non-group sales revenue for the first quarter of 2025 amounted to 2.0 million euros, representing a 15.7% increase compared to the first quarter of the previous year. The segment's pre-tax profit for the quarter was 2.2 million euros, reflecting a year-on-year increase of 0.6%.

Revenue growth in the real estate segment was largely driven by the addition of rental income from the logistics centre that commenced operations at the end of last year. The logistics centre has been leased to a third party. In March, a new tenant, the Vapiano restaurant, opened in the Viimsi Centre, contributing to increased footfall in the shopping centre. On the other hand, quarterly revenue declined in the Latvian real estate company following the sale of the Kuldīga and Salaspils commercial properties to external parties at the beginning of the year.

The segment's profit was positively influenced by the more accommodative monetary policy adopted by central banks, as the gradual decline in Euribor rates has begun to reduce interest expenses in the real estate segment. Profit was negatively impacted by one-off expenses related to the sale of the Latvian properties. No additional revenue was recognised from the property transactions, as the buildings had already been revalued to market price at the end of last year. The income arising from the revaluation was reflected in the prior year's report.

The Group's Lithuanian real estate company, which commenced construction last year of a new KIA and Škoda showroom and service centre in Vilnius for the Group's car segment, continued work on the project. In Estonia, preparatory works are underway for the construction of a body repair workshop adjacent to the Viking Motors dealership in Peetri. This year, several retail building renovation projects have been initiated with the aim of modernising the premises and aligning them with current business needs. The renovations will also improve the energy efficiency of the buildings. Preparatory works have been completed for the expansion of the Laulasmaa and Keila Selver stores.

Personnel

In the first quarter of 2025, the average number of employees in the Group was 4,775 people, a decrease of 0.3% compared to the same period in 2024. Total labour costs (wages and social insurance contributions) in the first three months of 2025 were 28.3 million euros, a year-over-year growth of 3.7%. The monthly average salary costs per employee increased 4.0% in comparison with the average salary of the first quarter of 2024.

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.

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Raul Puusepp
Chairman of the Management Board

Tallinn, 9 April 2025

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 first quarter of 2025 as set out on pages 13 - 33.

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.

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Raul Puusepp
Chairman of the Management Board

Tallinn, 9 April 2025

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros

	Note	31.03.2025	31.12.2024
ASSETS			
Current assets			
Cash and cash equivalents	2	41,768	45,454
Trade and other receivables	3	19,363	30,310
Inventories	5	98,777	97,091
Total current assets		**159,908**	**172,855**
Non-current assets			
Long-term receivables and prepayments	8	237	235
Investments in associates	7	1,789	1,733
Investment property	9	76,282	81,284
Property, plant and equipment	10	417,223	424,794
Intangible assets	11	25,862	25,785
Total non-current assets		**521,393**	**533,831**
TOTAL ASSETS		**681,301**	**706,686**
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings	12	35,236	44,436
Trade and other payables	13	129,137	110,997
Total current liabilities		**164,373**	**155,433**
Non-current liabilities			
Borrowings	12	278,689	279,958
Trade and other payables	13	1,287	1,285
Deferred tax liabilities	14	7,939	7,939
Provisions for other liabilities and charges		508	543
Total non-current liabilities		**288,423**	**289,725**
TOTAL LIABILITIES		**452,796**	**445,158**
Equity			
Share capital	15	16,292	16,292
Statutory reserve capital		2,603	2,603
Revaluation reserve		111,489	112,167
Retained earnings		98,121	130,466
TOTAL EQUITY		**228,505**	**261,528**
TOTAL LIABILITIES AND EQUITY		**681,301**	**706,686**

The notes presented on pages 18 to 33 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	3 months 2025	3 months 2024
Revenue	16	214,934	221,503
Other operating income		329	209
Cost of merchandise	5	-156,424	-162,090
Services expenses	17	-15,751	-15,262
Staff costs	18	-28,303	-27,294
Depreciation, amortisation and impairment losses	10, 11	-10,766	-10,610
Other expenses		-368	-332
Operating profit		**3,651**	**6,124**
Finance income		279	253
Finance costs		-2,709	-2,648
Share of net profit of associates accounted for using the equity method	7	56	72
Profit before tax		**1,277**	**3,801**
Income tax expense	15	-7,826	-5,312
NET PROFIT FOR THE FINANCIAL YEAR		**-6,549**	**-1,511**
Other comprehensive income: *Items that will not be subsequently reclassified to profit or loss*			
Other comprehensive income for the financial year		**0**	**0**
TOTAL COMPREHENSIVE PROFIT FOR THE FINANCIAL YEAR		**-6,549**	**-1,511**
Basic and diluted earnings per share (euros)	19	-0.16	-0.04

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

The notes presented on pages 18 to 33 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

In thousands of euros

	Note	3 months 2025	3 months 2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss		-6,549	-1,511
Adjustments:			
Interest expense		2,709	2,648
Interest income		-279	-253
Depreciation, amortisation and impairment losses	10, 11	10,749	10,589
Loss on write-off property, plant and equipment	10	17	21
Profit/loss on sale of property, plant and equipment	10	-14	1
Profit from the shares of an associated company using the equity method	7	-56	-72
Interest paid on lease liabilities	12	-1,302	-989
Change in inventories		-1,880	3,038
Change in receivables and prepayments related to operating activities		10,942	996
Change in liabilities and prepayments related to operating activities		-8,388	-5,293
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		**5,949**	**9,175**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	10	-3,486	-6,530
Proceeds from sale of property, plant and equipment	10	205	73
Purchase of investment property	9	-78	0
Proceeds from sale of investment property	9	5,080	0
Purchase of intangible assets	11	-255	-630
Interest received		279	253
TOTAL CASH FLOWS USED IN INVESTING ACTIVITIES		**1,745**	**-6,834**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	12	1,269	5,408
Repayments of borrowings	12	-5,801	-4,024
Change in overdraft balance	12	-741	457
Payments of principal of leases	12	-4,683	-4,642
Interest paid		-1,424	-1,850
TOTAL CASH FLOWS USED IN FINANCING ACTIVITIES		**-11,380**	**-4,651**
TOTAL CASH FLOWS		**-3,686**	**-2,310**
Cash and cash equivalents at the beginning of the period	2	45,454	42,064
Cash and cash equivalents at the end of the period	2	41,768	39,754
Net change in cash and cash equivalents		**-3,686**	**-2,310**

The notes presented on pages 18 to 33 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 31.12.2023	**16,292**	**2,603**	**116,521**	**127,960**	**263,376**
Net profit for the reporting period	0	0	0	-1,511	-1,511
Total comprehensive loss for the reporting period	**0**	**0**	**0**	**-1,511**	**-1,511**
Reclassification of depreciation of revalued land and buildings	0	0	-681	681	0
Dividends declared	0	0	0	-29,325	-29,325
Total transactions with owners	**0**	**0**	**0**	**-29,325**	**-29,325**
Balance as of 31.03.2024	**16,292**	**2,603**	**115,840**	**97,805**	**232,540**
Net profit for the reporting period	0	0	0	27,477	27,477
Total comprehensive income for the reporting period	**0**	**0**	**0**	**27,477**	**27,477**
Reclassification of depreciation of revalued land and buildings	0	0	-4,354	4,354	0
Dividends paid	0	0	0	-29,325	-29,325
Total transactions with owners	**0**	**0**	**0**	**-29,325**	**-29,325**
Balance as of 31.12.2024	**16,292**	**2,603**	**112,167**	**130,466**	**261,528**
Net loss for the reporting period	0	0	0	-6,549	-6,549
Total comprehensive loss for the reporting period	**0**	**0**	**0**	**-6,549**	**-6,549**
Reclassification of depreciation of revalued land and buildings	0	0	-677	677	0
Dividends declared	0	0	0	-26,474	-26,474
Total transactions with owners	**0**	**0**	**0**	**-26,474**	**-26,474**
Balance as of 31.03.2025	**16,292**	**2,603**	**111,490**	**98,120**	**228,505**

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

The notes presented on pages 18 to 33 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 2024. 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 first quarter of 2025 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

	31.03.2025	31.12.2024
Cash on hand	893	1,243
Bank accounts	39,990	5,065
Overnight deposit	0	37,967
Cash in transit	885	1,179
Total cash and cash equivalents	**41,768**	**45,454**

Note 3. Trade and other receivables

in thousands of euros

	31.03.2025	31.12.2024
Trade receivables (Note 4)	16,750	25,239
Other short-term receivables	414	397
Total financial assets from balance sheet line "Trade and other receivables"	**17,164**	**25,636**
Prepayment for goods	136	3,353
Other prepaid expenses	2,000	1,236
Prepaid rental expenses	12	12
Prepaid taxes (Note 14)	51	73
Total trade and other receivables	**19,363**	**30,310**

Note 4. Trade receivables

in thousands of euros

	31.03.2025	31.12.2024
Trade receivables	15,096	21,320
Allowance for doubtful receivables	-130	-128
Receivables from related parties (Note 20)	318	792
Credit card payments (receivables)	1,466	3,255
Total trade receivables	**16,750**	**25,239**

Note 5. Inventories

in thousands of euros

	31.03.2025	31.12.2024
Goods purchased for resale	98,064	96,291
Tare and materials	713	800
Total inventories	**98,777**	**97,091**

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

	3 months 2025	3 months 2024
Write-down and write-off of inventories	3,578	3,473
Inventory stocktaking deficit	761	539
Total materials and consumables used	**4,339**	**4,012**

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 31.03.2025	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

In 2025 and 2024, there were no business combinations.

Note 7. Investments in associates

in thousands of euros

TKM Grupp AS has ownership of 50% (2024: 50%) interest in the entity AS Rävala 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.

	31.03.2025	31.12.2024
Investment in the associate at the beginning of the year	**1,733**	**1,732**
Profit for the reporting period under equity method	56	281
Dividends received	0	-280
Investment in the associate at the end of the accounting period	**1,789**	**1,733**

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

	31.03.2025	31.12.2024
Current assets	297	227
Property, plant and equipment	3,341	3,350
Current liabilities	60	115
Owners' equity	3,578	3,462
	3 months 2025	**3 months 2024**
Revenue	145	143
Net profit	116	123

Note 8. Long-term receivables and prepayments

in thousands of euros

	31.03.2025	31.12.2024
Prepaid rental expenses	205	206
Deferred tax asset	24	24
Other long-term receivables	8	5
Total long-term trade and other receivables	**237**	**235**

Note 9. Investment property

in thousands of euros

in thousands of euros	
Carrying value as at 31.12.2023	**64,971**
Purchases and improvements	510
Reclassification from property, plant and equipment (Note 10)	21,799
Disposals	-8,425
Net profit from fair value adjustment	2,429
Carrying value as at 31.12.2024	**81,284**
Purchases and improvements	78
Disposals	-5,080
Carrying value as at 31.03.2025	**76,282**

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 3 months of 2025 amounted to 78 thousand euros (2024: 510 thousand euros).

During the reporting period, construction work was carried out on Estonian investment property objects, the logistics centre in the amount of 60 thousand euros and renovation work was carried out in the Tartu Kaubamaja centre in the amount of 18 thousand euros.

In 2024, construction work was carried out on the Estonian real estate object in the Viimsi Centre in the amount of 7 thousand euros and in Tartu Kaubamaja Centre renovation works were carried out to update the commercial spaces on the 0th floor and the third floor in the amount of 490 thousand euros. In 2024, Latvian real estate objects were renovated in the amount of 5 thousand euros in Kuldiga and in the amount of 8 thousand euros in Salaspils.

In 2024, the logistics centre completed in the fall, located at Paemurru tn 1, Maardu city, in the amount of 21,799 thousand euros, was classified from property, plant and equipment to investment property. The logistics centre serves the cargo volumes of TKM Group, especially its subsidiary Selver AS. The logistics centre is operated by OÜ NG Logistics, which is a logistics company based on 100% Estonian capital and belonging to the NG Investeeringud group.

During the reporting period, SIA TKM Latvija sold investment properties in Salaspils and Kuldiga in Latvia for a total of 5,080 thousand euros.

In 2024, SIA TKM Latvija sold its investment properties in Ogre and Rezekne for a total amount of 8,425 thousand euros.

No fair value change of investment property was identified in 2025.

Note 10. Property, plant and equipment

in thousands of euros

	Land and buildings	Right-of use-assets: retail properties	Machinery and equip-ment	Other fixtures and fittings	Construc-tion and projects in progress	Total
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	2,613	0	3,994	6,513	20,943	34,063
Addition to right-of use assets	0	10,510	0	0	0	10,510
Other reclassifications	0	0	284	-45	0	239
Reclassification to investment property (Note 9)	0	0	0	0	-21,799	-21,799
Reclassification from intangible assets (Note 11)	0	0	864	0	0	864
Reclassification to inventory	0	0	-504	0	0	-504
Reclassification to property, plant and equipment from inventory	0	0	2,575	1	-29	2,547
Disposals	-1,887	0	-771	-6	0	-2,664
Write-offs	0	0	-24	-35	-152	-211
Decrease/increase in value through profit or loss	0	0	0	0	-293	-293
Adjustment to right-of use assets	0	10,685	0	0	0	10,685
Depreciation	-7,540	-20,376	-7,621	-6,412	0	-41,949
31.12.2024						
Cost or revalued amount	211,854	268,307	78,660	65,007	23,137	646,965
Accumulated depreciation and impairment	-7,118	-109,903	-49,404	-46,483	-9,263	-222,171
Carrying value	**204,736**	**158,404**	**29,256**	**18,524**	**13,874**	**424,794**
Changes occurred in 2025						
Purchases and improvements	171	0	414	911	1,990	3,486
Other reclassifications	0	0	40	0	0	40
Reclassification to inventory	0	0	-117	0	0	-117
Reclassification to property, plant and equipment from inventory	0	0	287	0	25	312
Disposals	0	0	-191	0	0	-191
Write-offs	-5	0	-1	-11	0	-17
Adjustment to right-of use assets	0	-513	0	0	0	-513
Depreciation	-1,907	-5,138	-1,949	-1,577	0	-10,571
31.03.2025						
Cost or revalued amount	212,008	267,794	78,805	64,808	25,152	648,567
Accumulated depreciation and impairment	-9,013	-115,041	-51,066	-46,961	-9,263	-231,344
Carrying value	**202,995**	**152,753**	**27,739**	**17,847**	**15,889**	**417,223**

The cost of investments for the 3 months of 2025 amounted to 3,741 thousand euros (including purchases of property, plant and equipment in the amount of 3,486 thousand euros and purchases of intangible assets amounted to 255 thousand euros).

The cost of purchases of property, plant and equipment made in reporting period in the supermarkets business segment was 897 thousand euros. During the reporting period, computing equipment was purchased, the store fittings were renewed and security equipment was purchased.

The cost of purchases of property, plant and equipment in the business segment of department stores amounted to 481 thousand euros. During the reporting period, Children's World underwent a renovation in Kaubamaja in Tallinn.

The cost of purchases of property, plant and equipment in the reporting period was 284 thousand euros in the car trade business segment.

The cost of purchases of property, plant and equipment in the reporting period was 80 thousand euros in the security business segment.

The cost of purchases of property, plant and equipment in the real estate business segment amounted to 1,744 thousand euros. During the reporting period, construction of a new multi-brand car centre began in Lithuania. In addition, real estate companies have made investments in more accurate measurement and management of energy consumption in technical systems.

The companies in the consolidated TKM Group did not have any binding obligations for the purchase of tangible assets.

Note 11. Intangible assets

in thousands of euros

	Goodwill	Trademark	Beneficial agreements	Capitalised development expenditure	Total
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	2,000	2,000
Reclassification to property, plant and equipment (Note 10)	0	0	0	-864	-864
Amortisation	0	-295	-17	-409	-721
31.12.2024					
Cost	19,049	2,243	120	7,984	29,396
Accumulated amortisation and impairment	0	-1,448	-66	-2,097	-3,611
Carrying value	**19,049**	**795**	**54**	**5,887**	**25,785**
Changes occurred in 2025					
Purchases and improvements	0	0	0	255	255
Amortisation	0	-74	-4	-100	-178
31.03.2025					
Cost	19,049	2,243	120	8,239	29,651
Accumulated amortisation and impairment	0	-1,522	-70	-2,197	-3,789
Carrying value	**19,049**	**721**	**50**	**6,042**	**25,862**

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 255 thousand euros (2024: 2,000 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	31.03.2025	31.12.2024
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

	31.03.2025	31.12.2024
Short-term borrowings		
Overdraft	4,056	4,797
Bank loans	10,161	12,157
Lease liabilities	14,128	18,852
Other borrowings	6,891	8,630
Total short-term borrowings	**35,236**	**44,436**

in thousands of euros

	31.03.2025	31.12.2024
Long-term borrowings		
Bank loans	110,298	111,298
Lease liabilities	153,453	153,924
Other borrowings	14,938	14,736
Total long-term borrowings	**278,689**	**279,958**
Total borrowings	**313,925**	**324,394**

Borrowings received
in thousands of euros

	3 months 2025	3 months 2024
Overdraft	0	457
Bank loans	0	3,965
Other borrowings	1,269	1,443
Total borrowings received	**1,269**	**5,865**

Borrowings paid

in thousands of euros

	3 months 2025	3 months 2024
Overdraft	741	0
Bank loans	2,995	1,806
Lease liabilities	4,683	4,642
Other borrowings	2,806	2,218
Total borrowings paid	**11,225**	**8,666**

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 31.03.2025, the repayment dates of bank loans are between 07.04.2025 and 07.05.2039 (2024: between 02.01.2025 and 07.05.2039), interest is tied both to 3-month and 6-month EURIBOR. Weighted average interest rate was 3.95% (2024: 4.60%).

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 2.79% (31.12.2024: 2.79%).

Net debt reconciliation
in thousands of euros

	31.03.2025	**31.12.2024**
Cash and cash equivalents (Note 2)	41,768	45,454
Short-term borrowings	-35,236	-44,436
Long-term borrowings	-278,689	-279,958
Net debt	**-272,157**	**-278,940**
Cash and cash equivalents (Note 2)	41,768	45,454
Gross debt – fixed interest rates	-167,581	-172,776
Gross debt – variable interest rates	-146,344	-151,618
Net debt	**-272,157**	**-278,940**

	Cash and cash equivalents	**Overdraft**	**Borrowings**	**Lease liabilities**	**Total**
Net debt 31.12.2023	**42,064**	**-7,361**	**-130,980**	**-169,336**	**-265,613**
Cash flow (principal and interest)	3,390	2,564	-8,092	22,924	20,786
Interest accrued	0	0	-7,748	-5,170	-12,918
New lease contracts	0	0	0	-10,510	-10,510
Revaluation of lease liabilities	0	0	0	-10,685	-10,685
Net debt 31.12.2024	**45,454**	**-4,797**	**-146,820**	**-172,777**	**-278,940**
Cash flow (principal and interest)	-3,686	741	12,251	5,985	15,291
Interest accrued	0	0	-7,719	-1,302	-9,021
Revaluation of lease liabilities	0	0	0	513	513
Net debt 31.03.2025	**41,768**	**-4,056**	**-142,288**	**-167,581**	**-272,157**

Note 13. Trade and other payables

in thousands of euros

	31.03.2025	31.12.2024
Trade payables	62,927	74,639
Payables to related parties (Note 20)	2,789	3,549
Other accrued expenses	333	629
Prepayments by tenants	2,790	2,664
Total financial liabilities from balance sheet line "Trade and other payables"	**68,839**	**81,481**
Taxes payable (Note 14)	11,945	13,883
Dividends declared (Note 15)	26,474	0
Income tax liability on dividends (Note 15)	7,824	0
Employee payables	10,250	11,399
Prepayments	3,805	4,065
Provisions for other liabilities and charges	0	169
Total trade and other payables	**129,137**	**110,997**
Long-term tenant security deposits	1,287	1,285
Total long-term trade and other payables	**1,287**	**1,285**

Note 14. Taxes

in thousands of euros

	31.03.2025		31.12.2024	
	Prepaid taxes	Taxes payable	Prepaid taxes	Taxes payable
Prepaid taxes	51	0	73	0
Value added tax	0	4,555	0	7,030
Personal income tax	0	2,240	0	1,943
Social security taxes	0	4,638	0	4,383
Corporate income tax	0	29	0	104
Unemployment insurance	0	283	0	278
Mandatory funded pension	0	200	0	145
Total taxes	**51**	**11,945**	**73**	**13,883**

As of 31.03.2025 deferred tax liability on dividends in the amount of 7,939 thousand euros (31.12.2024: 7,939 thousand euros) is recorded in the balance sheet.

Note 15. Share capital

As of 31.03.2025 and 31.12.2024, 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 100,000,000 shares.

In 2025, dividends were declared to the shareholders in the amount of 26,474 thousand euros, or 0.65 euros per share. Related income tax expense on dividends amounted to 7,824 thousand euros.

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.

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

3 months 2025	Super-markets	Depart-ment store	Car trade	Security	Real estate	Inter-segment transact-ions	Impact of lease account-ing	Total seg-ments
External revenue	**148,309**	**22,748**	**37,319**	**4,598**	**1,960**	**0**	**0**	**214,934**
Inter-segment revenue	228	1,269	95	1,548	3,690	-6,830	0	0
Total revenue	148,537	24,017	37,414	6,146	5,650	-6,830	0	214,934
EBITDA	**3,765**	**-753**	**1,257**	**53**	**4,110**	**0**	**5,985**	**14,417**
Segment depreciation and impairment losses (Note 10,11)	-3,043	-797	-412	-169	-1,207	0	-5,138	-10,766
Operating profit/loss	**722**	**-1,550**	**845**	**-116**	**2,903**	**0**	**847**	**3,651**
Finance income	216	328	34	0	312	-611	0	279
Finance income on shares of associates (Note 7)	0	56	0	0	0	0	0	56
Finance costs	-279	-520	-179	-19	-1,021	611	-1,302	-2,709
Income tax	-564	0	-2,259	0	-5,003	0	0	-7,826
Net profit/loss	**95**	**-1,686**	**-1,559**	**-135**	**-2,809**	**0**	**-455**	**-6,549**
incl. in Estonia	95	-1,686	-1,567	-135	-2,395	0	-455	-6,143
incl. in Latvia	0	0	5	0	-378	0	0	-373
incl. in Lithuania	0	0	3	0	-36	0	0	-33
Segment assets	**145,245**	**88,288**	**53,820**	**7,902**	**323,210**	**-89,917**	**152,753**	**681,301**
Segment liabilities	**99,117**	**89,377**	**24,746**	**5,473**	**124,657**	**-58,155**	**167,581**	**452,796**
Segment investments in property, plant and equipment (Note 10)	897	481	284	80	1,744	0	0	3,486
Segment investments in intangible assets (Note 11)	0	251	4	0	0	0	0	255

in thousands of euros

3 months 2024	Super-markets	Depart-ment store	Car trade	Security	Real estate	Inter-segment transact-ions	Impact of lease account-ing	Total seg-ments
External revenue	**146,448**	**23,991**	**44,844**	**4,526**	**1,694**	**0**	**0**	**221,503**
Inter-segment revenue	231	1,215	110	1,610	3,637	-6,803	0	0
Total revenue	146,679	25,206	44,954	6,136	5,331	-6,803	0	221,503
EBITDA	**4,321**	**-207**	**2,905**	**37**	**4,047**	**0**	**5,631**	**16,734**
Segment depreciation and impairment losses	-3,163	-705	-395	-150	-1,174	0	-5,023	-10,610
Operating profit/loss	**1,158**	**-912**	**2,510**	**-113**	**2,873**	**0**	**608**	**6,124**
Finance income	295	424	12	1	394	-873	0	253
Finance income on shares of associates (Note 7)	0	72	0	0	0	0	0	72
Finance costs	-444	-753	-223	-26	-1,086	873	-989	-2,648
Income tax	-1,606	-163	-1,090	0	-2,453	0	0	-5,312
Net profit/loss	**-597**	**-1,332**	**1,209**	**-138**	**-272**	**0**	**-381**	**-1,511**
incl. in Estonia	-597	-1,332	1,115	-138	-389	0	-381	-1,722
incl. in Latvia	0	0	5	0	148	0	0	153
incl. in Lithuania	0	0	89	0	-31	0	0	58
Segment assets	**148,456**	**83,637**	**55,215**	**8,296**	**313,751**	**-80,179**	**153,192**	**682,368**
Segment liabilities	**108,625**	**86,665**	**27,378**	**6,101**	**104,152**	**-48,417**	**165,324**	**449,828**
Segment investments in property, plant and equipment	562	137	336	85	5,410	0	0	6,530
Segment investments in intangible assets	0	626	2	2	0	0	0	630

External revenue according to types of goods and services sold

in thousands of euros

	3 months 2025	3 months 2024
Retail revenue	191,795	194,889
Wholesale revenue	9,942	14,355
Rental income	2,992	2,684
Revenue for rendering services	10,205	9,575
Total revenue	**214,934**	**221,503**

External revenue by client location

in thousands of euros

	3 months 2025	3 months 2024
Estonia	200,432	206,887
Latvia	6,488	7,468
Lithuania	8,014	7,148
Total	**214,934**	**221,503**

Distribution of non-current assets* by location of assets

in thousands of euros

	31.03.2025	31.12.2024
Estonia	495,186	503,953
Latvia	20,013	25,239
Lithuania	4,405	2,906
Total	**519,604**	**532,098**

* 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

	3 months 2025	3 months 2024
Rental expenses	205	78
Heat and electricity expenses	3,421	3,852
Expenses related to premises	2,861	2,845
Cost of services and materials related to sales	1,866	1,748
Marketing expenses	2,541	2,294
Other operating expenses	1,501	1,372
Computer and communication costs	2,090	1,820
Expenses related to personnel	1,266	1,253
Total other operating expenses	**15,751**	**15,262**

Note 18. Staff costs

in thousands of euros

	3 months 2025	3 months 2024
Wages and salaries	21,523	20,755
Social security taxes	6,780	6,539
Total staff costs	**28,303**	**27,294**
Average wages per employee per month (euros)	1,503	1,445
Average number of employees in the reporting period	4,775	4,788

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.

	3 months 2025	3 months 2024
Net profit/loss (in thousands of euros)	-6,549	-1,511
Weighted average number of shares	40,729,200	40,729,200
Basic and diluted earnings per share (euros)	**-0.16**	**-0.04**

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:

a. owners (Parent and the persons controlling or having significant influence over the Parent);
b. associates;
c. other entities in the Parent's consolidation group;
d. management and supervisory boards of the Group companies;
e. 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 3 months 2025	Sales 3 months 2025	Purchases 3 months 2024	Sales 3 months 2024
Parent	68	204	63	155
Entities in the Parent's consolidation group	7,190	1,178	6,414	1,031
Members of management and supervisory boards	0	6	0	3
Other related parties	15	0	3	5
Total	**7,273**	**1,388**	**6,480**	**1,194**

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:

	31.03.2025	31.12.2024
Receivables from entities in the in the Parent's consolidation group	318	792
Total receivables from related parties (Note 4)	**318**	**792**

	31.03.2025	31.12.2024
Parent	28	26
Entities in the Parent's consolidation group	2,759	3,520
Other related parties	2	3
Total liabilities to related parties (Note 13)	**2,789**	**3,549**

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 2025, the Group has earned interest income on its deposits of available funds in the amount of 203 thousand euros, interest rate 1.88% (2024: 412 thousand euros, interest rate 2.58%). As at 31 March 2025 and 31 December 2024, 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 1,800 thousand euros (2024 3 months: 1,892 thousand euros). Short-term benefits to supervisory boards' members of the Group in reporting period including social taxes amounted to 248 thousand euros (2024 3 months: 218 thousand euros).

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