



**TKM  
GRUPP**

# **TKM Grupp AS Consolidated Interim Report for the First quarter 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:	31 March 2024
Auditor:	PricewaterhouseCoopers AS
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## 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 March 31, 2024:

		Shareholding as of 31.03.2024	Shareholding as of 31.12.2023
<b>Selver supermarkets</b>			
Selver AS	Estonia	100%	100%
Kulinaaria OÜ	Estonia	100%	100%
<b>Department stores</b>			
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 31.03.2024	Shareholding as of 31.12.2023
<b>Car trade</b>			
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%
<b>Security segment</b>			
Viking Security AS	Estonia	100%	100%
Walde AS	Estonia	100%	100%
<b>Real estate</b>			
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%

### The new business name of the Group

The general meeting of shareholders held on 18 March 2024 confirmed the Group's new business name as TKM Group AS. The reason for adopting the new business name is to create greater clarity for shareholders and the public. Over the years, the Group has grown into one of the largest Estonian companies, encompassing a variety of different business directions. All the Group's retail customer-oriented subsidiary brands such as Kaubamaja, Selver, Delice, Selveri Köök, I.L.U., Viking Motors, Viking Security, etc., will continue to be used.

### 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.

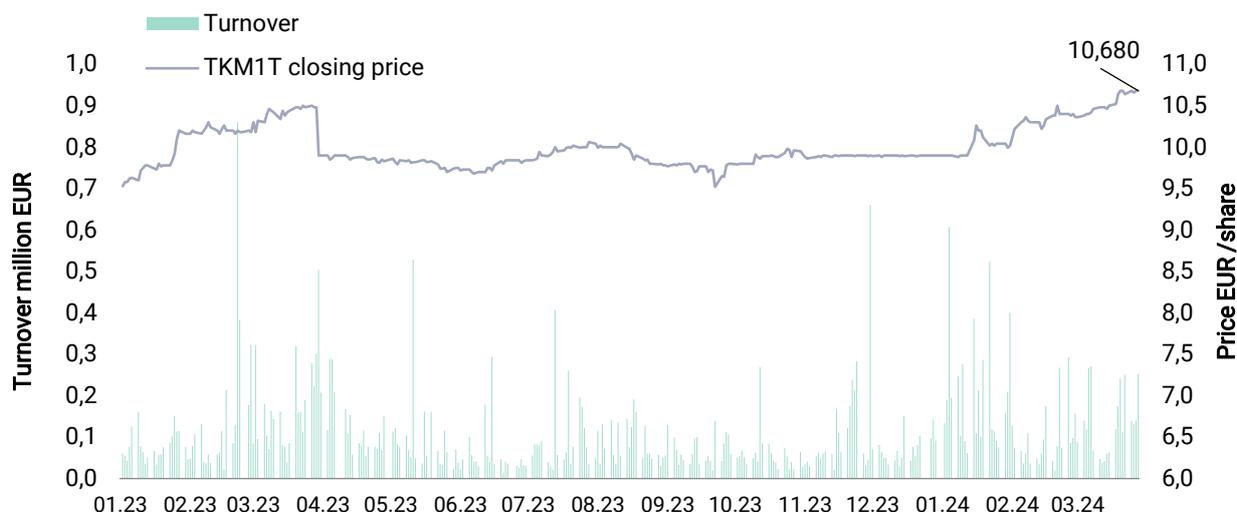
The council of the Group have no right to issue or buy back shares. In addition, there are no commitments between the company and its employees providing for compensation in mergers and acquisitions under article 19' of Stock Market Trade Act.

The share with a price of 9.90 euros at the end of 2023 was closed in the end of March 2024 at the level of 10.68 euros, increased by 7.9% over the three 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 01.01.2023 to 31.03.2024.

In euros



SHARE	1Q/24	1Q/23
Average number of shares (1000 pcs)	40,729.2	40,729.2
Equity capital per share (EUR/share)	5.71	5.27
Share's closing price (EUR/share)	10.68	9.90
Earnings per share (EUR/share)	-0.04	0.01

### Risks

The economic depression that has persisted for several years is increasingly affecting the behaviour of retail consumers. The Group has prepared for potential risks by boosting its liquidity and enhancing the flexibility of its business processes. Daily indicators of the economic downturn in the Group's stores include a growing number of discounted products and promotional items in customers' shopping baskets, alongside an increase in the theft of ordinary goods. The stores are monitored by the Group's specialised security segment company, Viking Security, which boasts extensive experience in the retail sector, utilising modern video surveillance technology and expertise for the prevention and early detection of theft.

The Government of the Republic of Estonia intends to introduce a car tax from 2025, aiming to steer car purchase decisions towards more environmentally friendly options. According to the draft legislation, the annual motor vehicle tax will comprise a base component, a specific CO<sub>2</sub> emissions component, and a gross weight component. Furthermore, there are plans to implement a vehicle registration fee, payable prior to registering cars and vans in the traffic register. Given the information available thus far, the initial registration fee is expected to increase the purchase price of vehicles by 10-15%, significantly impacting the sale of new cars. This proposed tax is likely to affect the economic activities of Estonian companies within the Group's car segment. The Group will start to more accurately assess the impact once the detailed implementation plan for the car tax has been clarified.

### Sustainable entrepreneurship

It is important for the Group to continue implementing its sustainable development strategy. The culinary focus remains on health-supporting food, and in March, a chicken purée soup with high protein and fibre content was added to the current rich selection of soups. Kaubamaja promoted health through training for employees, where Antegenes shared knowledge about personalised cancer prevention based on genetics. Kreet Rosin-Pindmaa led a training session 'Replacing Negativity with Positivity' to support mental health issues.

Thinking of children and young people, Kaubamaja organised a 'Tööle Kaasa' (Take the child with you to the workplace) day, where the children of Kaubamaja employees were introduced to various occupations and roles in trade, and a Year of the Dragon drawing competition and exhibition were held to engage young people and offer families ideas for joint activities. Additionally, introductory tours were conducted at various educational institutions; for example, the young people from the Astangu Vocational Rehabilitation Centre learned what jobs are like in trade. In cooperation with the Association of Large Families, Kaubamaja employees collected party clothes to donate to

school graduates as part of the campaign 'Shikilt lõpuaktusele' (From chic to prom).

Among the charity projects, Selver supported the Investor Toomas conference, Mother Language Day, and Food Bank food collection days, as well as the Maker of the Year competition of the Tartu Applied College and the Carolin Illenzeer Foundation. Cultural events continue to be supported by the Pärnu Music Festival, Estonian National Opera, Tallinn Philharmonic, the Open-Air Museum, Estonian Concert, Culture Partnership, Ajateater, and Silent Week concerts organized by SKENE Katus Art.

Paide Hammerbecki Primary School for holding a gymnastics party, Laulasmaa School and Põltsamaa Ühisgümnaasium for organising a School song, and the visual art festival Viljandi Tuled, Pärnu Port basketball team, Viimsi football club, and the Raeküla song contest in Lauluaija have received one-time, smaller support. Continuing cooperation projects are with Selver Taltech, FC Flora, the Estonian Ice Hockey League, and Tornaado hockey club. Viking Security supported the Winter Swimming World Cup with its services and sent another van and equipment to Ukraine.

Kia Auto's company cars has been converted to either plug-in hybrids or fully electric cars.

### Economic environment

According to Statistics Estonia, the gross domestic product decreased by 2.7% in the fourth quarter of 2023 compared to the same period in 2022. The Statistics Estonia estimates that the recession has been widespread and the rapid price increase over the last two years has left its mark on the real results of all sectors. On an annual basis, Estonia's GDP fell by 3.0% in 2023, where trade and real estate activities mainly contributed positively, while information and communication activities had a negative impact. The effects of the recession, which has lasted for two years, have so far mainly manifested in weaker economic results for companies, but are increasingly affecting wage earners as well. The Bank of Estonia estimates that price increases have slowed down, people's purchasing power is improving, and companies are actively working to improve competitiveness, which is expected to lead to an economic revival this year. However, according to forecasts the overall result for 2024 will still be 0.6% below the previous year. In the first months of 2024, consumer prices continued to rise, but the pace of growth has slowed to 4%. According to analysts, the price increase is caused by the rising import prices of food and tax increases. In January, the VAT rate in Estonia was raised from 20% to 22%, and higher excise duties were applied to alcohol and tobacco. The most significant price increase was seen in health care costs (9.8%). The price rise for food and non-alcoholic beverages during the quarter slowed down, remaining at 3.0% for the quarter as a whole. The price increase for clothing and footwear was 4.0% in the first quarter. In 2024, Eesti Pank predicts a price increase of 3.2%. According to Statistics Estonia, the average gross monthly salary increased by 11.3% in 2023. This year's wage growth, predicted by Eesti Pank to be 6.9%, is several times higher than the forecasted price growth and could support the increase in private consumption. Analysts believe that slowing inflation will enhance people's purchasing power, and consumer confidence is also expected to improve in the second half of the year. However, Eesti Pank anticipates that private consumption will remain subdued in 2024, growing by only 1.3%. Consumers remain very cautious as unemployment also rises.

According to Statistics Estonia, the total volume of retail sales at current prices fell by 2.6% in the first two months of 2024. Maintenance and repair of motor vehicles saw the largest growth (10.3%). At the same time, sales of motor vehicles, their parts, and accessories decreased by 4.6%. Sales revenue in non-specialised stores (predominantly groceries) increased by 1.3% in the first two months of the year. However, due to the high price increase, volume sales in this segment have been on the decline since April 2022. In January and February of this year, the volume sales of retail trade companies, i.e., sales at constant prices, decreased by 5.1%. In the first quarter of 2024, volume sales of new passenger cars in the Baltics fell by 11%. Car prices, which have grown rapidly in recent years, and still high interest rates are preventing the market from recovering. Among the Baltic countries, car sales fared best in Lithuania, where volume sales fell by only 3%, while the sales volumes of KIA and Škoda sold by the Group increased in the Lithuanian market. According to preliminary data, 4,741 new passenger cars were sold in Estonia in the first quarter of 2024, or 17.2% less than a year earlier, which reflects the caution of consumers here and the expectation that the principles of the car tax will be clarified.

## Economic results

## Financial ratios

In million EUR	1Q/24	1Q23	Change %
<b>Revenue</b>	221.5	218.1	1.6%
Selver supermarkets	146.4	147.2	-0.5%
Department stores	24.0	24.7	-2.9%
Car trade	44.8	41.7	7.5%
Security	4.5	2.9	58.6%
Real estate	1.7	1.6	8.2%
Gross profit margin%	26.82%	27.29%	-1.7%
<b>EBITDA</b>	16.7	17.7	-5.5%
Selver supermarkets	4.3	4.8	-9.9%
Department stores	-0.2	0.1	-346.4%
Car trade	2.9	3.4	-15.3%
Security	0.0	0.2	-78.1%
Real estate	4.0	4.0	0.4%
IFRS 16	5.6	5.2	8.4%
margin	7.55%	8.12%	-6.9%
<b>Operating profit</b>	6.1	7.6	-19.8%
margin	2.77%	3.50%	-21.0%
<b>Net profit</b>	-1.5	0.6	-351.8%
margin	-0.68%	0.28%	-348.1%
<b>Earnings per share (EUR)</b>	-0.04	0.01	-351.8%
<b>Key ratios</b>	<b>1Q/24</b>	<b>1Q23</b>	
Return on equity (ROE)	-0.6%	0.3%	
Return on assets (ROA)	-0.2%	0.1%	
Quick ratio	0.90	0.64	
Debt ratio	0.66	0.67	
Inventory turnover (multiplier)	1.71	1.75	
Sales revenue per employee (in million EUR)	0.046	0.046	
Average number of employees	4,788	4,710	

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 2024, the consolidated unaudited sales revenue of the Group was 221.5 million euros. Compared to the first quarter of 2023, the growth was 1.6%. The net loss for the reporting period was 1.5 million euros, which was 2.1 million euros lower compared to the profit of the first quarter of 2023, including income tax of 5.3 million euros (5.3 million euros in 2023). The pre-tax profit was 3.8 million euros, and it also decreased compared to the comparable result of the previous year by 2.1 million euros.

At a time when the retail trade volume index has been in decline for almost two years, and in the first months of the reporting year, the sales revenue of the entire retail trade area was in decline, even in current prices, the Group still managed to increase its sales revenue. The increase in turnover was supported by the successful sales of the Group's car segment. The security segment, which expanded last year, also contributed with high sales growth numbers. The first quarter of the year has traditionally had the weakest profit due to the special nature of the Group's business operations. This year, the result was affected by a more restrained increase in sales revenue than in the previous year, and by the great price pressure caused by the economic recession in all segments, especially in Group's largest business segments. The car market as a whole, including the Group's car segment, was characterised by improved inventory levels and bigger discount campaigns. In the Supermarkets segment, margins were affected by the higher share of discounted products in customers' shopping baskets. The continued rise in service prices increased input costs, to cope with which we are looking for even greater efficiency in all business processes. Labour costs increased by 5.6% in the first quarter of 2024, while the number of employees increased by 1.7%.

In order to enhance the shopping convenience of our customers, the Group has invested over a long period in the development of online stores. In the first quarter of 2024, the new online store of Kaubamaja, launched on a new platform, featured, among other enhancements, an AI-based search engine, an advanced filtering system, and an extensive range of inspirational modules throughout the site. Brands now have enhanced opportunities to strengthen their image through the online store's brand shops. In the near future, customers will also have the option to order clothes from the online store to try on in the physical store.

To ensure better quality and price, Selveri Kõök, its private label in the supermarket segment, actively continues product development with the aim of offering customers a wide variety of new flavours. At the same time, great attention is paid to reducing the salt, sugar, and fat content in the products. At the beginning of the year, several new products were added to Selveri Kõök's selection - chicken puree soup and minced meat soup, ready meals, and snack platters. Among the desserts, a new addition to the range is the cheerful spring Selveri Tibu (Selver Chick) cake, which has already received a warm welcome from customers.

In order to streamline processes, the Group began developing a central logistics centre in Maardu last year. Large-scale construction works for the centre took place in the first quarter. Completion of the logistics centre is scheduled for autumn 2024. Work continued to install a total of 49 new public electric car chargers in 17 Selver parking lots. Almost half of them, i.e., 25, are ultra-fast chargers, which allow charging the amount of energy needed to travel 100 kilometres in just a few minutes.

The success of the Group's activities and investment decisions is evidenced by record numbers of loyal customers joining the Group's Partner Card loyalty programme. At the end of the reporting period, the number of loyal customers exceeded 731 thousand, marking a 3.7% growth year-on-year. The Partner App has been downloaded by more than 220,000 Partner Card clients. As an added feature of the Partner Card programme, the TKM Group's subsidiary TKM Finants AS offers "pay later" payment solutions to Partner Card customers. To promote responsible lending principles, TKM Finants AS joined the Tax and Customs Board's X-Road service for individual tax data at the end of March, enabling the lender to more accurately assess customers' creditworthiness and make responsible credit decisions.

As at 31 March 2024, the volume of assets of the Group was 682.4 million euros – a decrease of 0.9% compared to the results at the end of 2023 without the impact of IFRS 16.

#### Selver supermarkets

The consolidated sales revenue of the supermarket business segment in the first quarter of 2024 was 146.4 million euros, decreasing by 0.5% compared to the same period of the previous year. The average monthly sales revenue per square metre of sales area in the first quarter of 2024 was 0.40 thousand euros, decreasing by 6.5% compared to the previous period. In terms of comparable stores, the sales revenue of goods per square metre of sales area was 0.40 thousand euros, decreasing by 4.3% compared to the reference period. In the first quarter of 2024, 9.3 million purchases were made from Selver stores, accounting for a decrease of 2.5% compared to the previous year.

The consolidated pre-tax profit of the supermarkets segment in the first quarter of 2024 was 1.0 million euros, 0.7 million euros less than in the previous year. The consolidated net profit of the supermarket segment was 0.6 million euros, 1.1 million euros less than last year. The difference between the net profit and profit before income tax is due to the income tax paid on dividends – this year, the income tax on dividends was 0.5 million euros higher than in the year before.

Selver's sales results have been affected by the general downturn in the Estonian retail environment. Retail trade volumes have seen a prolonged decline, and consumer confidence remains low. The growth of Selver's sales revenue has slightly lagged behind the segment due to a higher comparison base and a larger proportion of discounted products in the shopping basket. The comparison base data is impacted by the closure of Järve Selver in March 2023 for renovation and the preceding clearance sale of the largest store, the closure of WOW Selver ABC in January 2023, and the shutdown of Punane Selver in May 2023. The base data excludes information from the Kurna Selver, which was opened in August 2023.

The economic outcomes for the first quarter of 2024 will be primarily influenced by reduced sales of goods and a decrease in gross profit stemming from a reduction in gross margin. To mitigate the effects of diminished purchasing power and consumer confidence, we have increased the discounts offered and, since January, have initiated the permanently good standard prices project. Within this framework, we consistently offer customers approximately 650 products at highly favourable prices. During the reporting period, the costs of many services and materials have risen, leading to the overall level of operating expenses, despite cost-saving efforts, being on par with the previous year. The ongoing optimisation of work processes has allowed us to maintain labour costs at last year's level and achieve moderate wage growth.

Selver plans to open two new stores this year - in Tallinn Rocca al Mare centre and in Tartu, at Raadi. Both stores are slated for opening in the latter half of the year. The focus remains on product assortment and process optimisation. As a sustainability-oriented company, we strive to base all our activities on conscious resource usage and contribute towards sustainable development. To this end, we have developed a sustainability strategy that directs our daily operations. As a company valuing openness and transparency, we have also published our commitments and objectives on our website. Our emphasis is on reducing greenhouse gas emissions from direct activities, enhancing waste recycling, minimising food waste, reducing packaging use, shortening supply chains, and developing fast and convenient digital solutions.

In the Kulinaaria field, active product development continues with the aim of offering customers a wide variety of new flavours, and great attention is paid to reducing the salt, sugar, and fat content of products.

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

#### Department stores

The sales revenue of the department stores segment in the first three months of 2024 was 24.0 million euros, 2.9% less than in the same period of the previous year. The pre-tax loss of the Kaubamaja department store segment in the first quarter of 2024 was 1.2 million euros. The pre-tax loss increased by 0.4 million euros.

The sales revenue of the Kaubamaja department store per square metre of sales area was 0.30 thousand euros per month in the first three months, which is 4.6% less than in the same period last year. The cooling of the economic situation, which began towards the end of the fourth quarter of last year, persisted into the first quarter of this year, resulting in a more robust winter discount campaign compared to the previous year, which also impacted the results of Kaubamaja. At the same time, it's important to remember that the base of the first quarter of last year was very strong, with growth percentages in the double digits. The performance of the Kaubamaja Tallinn sales house was adversely affected by the ongoing construction of the Vanasadama tramway in the centre of Tallinn, and the closure of the Viru Keskus bus terminal, which significantly reduced foot traffic. On 29 February, Kaubamaja launched an online store on a new platform, where customer usability has been significantly enhanced, and the AI-based recommendation engine sets the stage for improved sales outcomes. On the new platform, the online shop forms a unified entity with physical stores, where the key concepts include pre-shopping, fast delivery, and the option to order from the online store and pay in the physical store, or vice versa.

In the first quarter of 2024, the sales revenue of OÜ TKM Beauty Eesti, which operates the I.L.U. cosmetics stores, was 2.0 million euros, 16.6% more than in the same period in 2023. In the first quarter, the profit was 0.04 million euros, which, compared to the profit of the comparable period of 2023, decreased by EUR 0.01 million. The reference base was affected by Ülemiste I.L.U.'s one-month business interruption for repairs in the previous period. Despite the fall in consumer confidence, sales results met expectations thanks to successful promotional campaigns.

#### Car trade

The sales revenue of the car trade segment in the first quarter of 2024 was 44.8 million euros. The sales revenue increased by 7.5% compared to the previous year. The consolidated pre-tax profit of the segment was 2.3 million euros in the first quarter, which is 0.7 million euros weaker than last year's result.

In the Baltic car market, economic uncertainty has hindered the purchase of new cars, leading to a considerable decline across the Baltics for the first three months. Despite the market's uncertainty, the Group's car segment has sold a total of 1,349 new passenger cars in the first three months of the year, which is 3.6% more than last year. The market downturn has necessitated price campaigns and other marketing activities better suited to the current market situation but have pressured sales margins.

An important event of the first quarter was the launch of the Škoda showroom by the Group's Lithuanian car company, Motus Auto UAB, in Vilnius. Škoda consistently maintains one of the three leading positions in the Baltic car market, and the addition of Škoda to the Motus Auto UAB brand portfolio supports the significant growth potential of the Group's car business in Lithuania. However, the initial costs of the Škoda showroom were incurred in the first quarter, negatively affecting profits.

In the spring, the KIA range will be expanded with an updated model of the popular SUV, the KIA Sorento. Škoda's model lineup will be enhanced by the completely renewed mid-class passenger car, the Škoda Superb, which has enjoyed great sales success in the past, and the updated SUV, the Škoda Kodiaq.

#### Security segment

The sales revenue of the security segment outside the Group in the first quarter of 2024 was 4.5 million euros, increasing by 58.6% in comparison with the same period of last year. The pre-tax profit of the segment in the first quarter was 0.1 million euros, compared to the same period last year, it was 0.2 million euros weaker.

The results of the first quarter were most affected by the costs related to the merger of the companies at the end of 2023. The negative economic environment is particularly impacting the field of security technology, where there has been greater pressure on profit margins, which also affected the results of the first quarter. The turnovers of all business areas increased, with the most significant growth in the volume of services in the control centre, which almost doubled.

#### Real estate

The sales revenue of the real estate segment outside the Group in the first quarter of 2024 was 1.7 million euros, increasing by 8.2% in comparison with the first quarter of the last year. The pre-tax profit of the segment was 2.2 million euros in the first quarter. The profit decreased by 11.0% in the reference period.

The growth of the segment's sales revenue was primarily supported by the revitalised commercial space rental market in the centres, with new tenants added to the rental spaces of Tallinna Kaubamaja Gallery, Tartu Kaubamaja Centre, and Viimsi Centre. Despite the general uncertainty characterising the economic landscape, the number of visitors to the centres continues to increase. The growth in the segment's sales income was also contributed to by the car wash, built as an extension of the petrol station at Raudkivi tee 1, leased to a non-group entity, situated in the immediate vicinity of Peetri Selver, which commenced operations last summer.

The decrease in the segment's profit was largely due to the rise in the cost of borrowing, triggered by the swift increase in the euro area interest rate, which began at the end of 2022 and impacted the segment's interest expenses with some delay. The majority of the Group's loan portfolio is concentrated in the real estate segment. Interest expense has almost doubled compared to the benchmark from a year ago.

In the second half of last year, TKM Kinnisvara AS began developing a logistics centre in Maardu to meet the needs of the TKM Group. The total area of the centre is 17,200 m<sup>2</sup>, and the construction will cost approximately 20 million euros. The construction of the logistics centre is funded through the Group's own resources and a bank loan. A solar energy park will be constructed on the roof of the logistics centre, the energy production of which will cover a significant part of the building's electricity consumption. The completion of the logistics centre is scheduled for autumn 2024. At the end of last year, TKM Kinnisvara AS and Enefit Volt commenced a partnership to install a total of 49 new public electric car chargers in 17 Selver car parks. Almost half of these, i.e., 25, are ultra-fast chargers, enabling the charging of the amount of energy needed to travel 100 kilometres in just a few minutes.

#### Personnel

In the first quarter of 2024, the average number of employees in the Group was 4,788 people, an increase of 1.7% compared to the same period in 2023. Total labour costs (wages and social insurance contributions) in the first three months of 2024 were 27.3 million euros, a year-over-year growth of 5.6%. The monthly average salary costs per employee increased 4.0% in comparison with the average salary of the first quarter of 2023.

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 April 2024

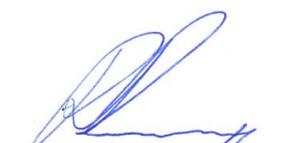
## CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 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 first quarter of 2024 as set out on pages 13-34.

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, 10 April 2024

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros

	Note	31.03.2024	31.12.2023
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	2	39,754	42,064
Trade and other receivables	3	24,572	25,568
Inventories	5	94,880	98,254
<b>Total current assets</b>		<b>159,206</b>	<b>165,886</b>
<b>Non-current assets</b>			
Long-term receivables and prepayments	8	245	243
Investments in associates	7	1,804	1,732
Investment property	9	64,971	64,971
Property, plant and equipment	10	431,191	433,306
Intangible assets	11	24,951	25,370
<b>Total non-current assets</b>		<b>523,162</b>	<b>525,622</b>
<b>TOTAL ASSETS</b>		<b>682,368</b>	<b>691,508</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Borrowings	12	38,842	48,820
Trade and other payables	13	138,448	114,573
<b>Total current liabilities</b>		<b>177,290</b>	<b>163,393</b>
<b>Non-current liabilities</b>			
Borrowings	12	266,665	258,857
Deferred tax liabilities	14	5,356	5,356
Provisions for other liabilities and charges		517	526
<b>Total non-current liabilities</b>		<b>272,538</b>	<b>264,739</b>
<b>TOTAL LIABILITIES</b>		<b>449,828</b>	<b>428,132</b>
<b>Equity</b>			
Share capital	15	16,292	16,292
Statutory reserve capital		2,603	2,603
Revaluation reserve		115,840	116,521
Retained earnings		97,805	127,960
<b>TOTAL EQUITY</b>		<b>232,540</b>	<b>263,376</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>682,368</b>	<b>691,508</b>

The notes presented on pages 18 to 34 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 2024	3 months 2023
Revenue	16	221,503	218,083
Other operating income		209	332
Cost of merchandise	5	-162,090	-158,573
Services expenses	17	-15,262	-15,895
Staff costs	18	-27,294	-25,852
Depreciation, amortisation and impairment losses	10, 11	-10,610	-10,066
Other expenses		-332	-393
<b>Operating profit</b>		<b>6,124</b>	<b>7,636</b>
Finance income		253	1
Finance costs		-2,648	-1,806
Share of net profit of associates accounted for using the equity method	7	72	69
<b>Profit before tax</b>		<b>3,801</b>	<b>5,900</b>
Income tax expense	15	-5,312	-5,300
<b>NET PROFIT FOR THE FINANCIAL YEAR</b>		<b>-1,511</b>	<b>600</b>
<b>Other comprehensive income:</b>			
<i>Items that will not be subsequently reclassified to profit or loss</i>			
<b>Other comprehensive income for the financial year</b>		<b>0</b>	<b>0</b>
<b>TOTAL COMPREHENSIVE PROFIT FOR THE FINANCIAL YEAR</b>		<b>-1,511</b>	<b>600</b>
Basic and diluted earnings per share (euros)	19	-0.04	0.01

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

The notes presented on pages 18 to 34 form an integral part of these condensed consolidated interim financial statements.

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

In thousands of euros

	Note	3 months 2024	3 months 2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net loss		-1,511	600
Adjustments:			
Interest expense		2,648	1,806
Interest income		-253	-1
Depreciation, amortisation and impairment losses	10, 11	10,589	10,041
Loss on write-off property, plant and equipment	10	21	25
Profit/loss on sale of property, plant and equipment	10	1	-10
Profit from the shares of an associated company using the equity method	7	-72	-69
Interest paid on lease liabilities	12	-989	-864
Change in inventories		3,038	-1,608
Change in receivables and prepayments related to operating activities		996	5,866
Change in liabilities and prepayments related to operating activities		-5,293	-10,718
<b>TOTAL CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>9,175</b>	<b>5,068</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	10	-6,530	-5,080
Proceeds from sale of property, plant and equipment	10	73	57
Purchase of investment property	9	0	-12
Purchase of intangible assets	11	-630	-341
Business combinations	6	0	-596
Cash acquired from business combination	6	0	52
Interest received		253	1
<b>TOTAL CASH FLOWS USED IN INVESTING ACTIVITIES</b>		<b>-6,834</b>	<b>-5,919</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings	12	5,408	12,551
Repayments of borrowings	12	-4,024	-8,236
Change in overdraft balance	12	457	10,426
Payments of principal of leases	12	-4,642	-4,331
Interest paid		-1,850	-978
<b>TOTAL CASH FLOWS USED IN FINANCING ACTIVITIES</b>		<b>-4,651</b>	<b>9,432</b>
<b>TOTAL CASH FLOWS</b>		<b>-2,310</b>	<b>8,581</b>
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	39,754	31,017
<b>Net change in cash and cash equivalents</b>		<b>-2,310</b>	<b>8,581</b>

The notes presented on pages 18 to 34 form an integral part of these condensed consolidated interim financial statements.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

In thousands of euros

	Share capi- tal	Statutory reserve capital	Revaluation reserve	Retained earnings	Total
<b>Balance as of 31.12.2022</b>	<b>16,292</b>	<b>2,603</b>	<b>106,981</b>	<b>115,783</b>	<b>241,659</b>
Net profit for the reporting period	0	0	0	600	600
<b>Total comprehensive loss for the reporting period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>600</b>	<b>600</b>
Reclassification of depreciation of revalued land and buildings	0	0	-413	413	0
Dividends declared	0	0	0	-27,696	-27,696
<b>Total transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-27,696</b>	<b>-27,696</b>
<b>Balance as of 31.03.2023</b>	<b>16,292</b>	<b>2,603</b>	<b>106,568</b>	<b>89,100</b>	<b>214,563</b>
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
<b>Total comprehensive income for the reporting period</b>	<b>0</b>	<b>0</b>	<b>11,989</b>	<b>37,424</b>	<b>49,413</b>
Reclassification of depreciation of revalued land and buildings	0	0	-2,449	2,449	0
Dividends paid	0	0	0	-27,696	-27,696
<b>Total transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-27,696</b>	<b>-27,696</b>
<b>Balance as of 31.12.2023</b>	<b>16,292</b>	<b>2,603</b>	<b>116,521</b>	<b>127,960</b>	<b>263,376</b>
Net loss for the reporting period	0	0	0	-1,511	-1,511
<b>Total comprehensive loss for the reporting period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1,511</b>	<b>-1,511</b>
Reclassification of depreciation of revalued land and buildings	0	0	-681	681	0
Dividends declared	0	0	0	-29,325	-29,325
<b>Total transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-29,325</b>	<b>-29,325</b>
<b>Balance as of 31.03.2024</b>	<b>16,292</b>	<b>2,603</b>	<b>115,840</b>	<b>97,805</b>	<b>232,540</b>

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

The notes presented on pages 18 to 34 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 first quarter 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

	31.03.2024	31.12.2023
Cash on hand	978	1,261
Bank accounts	37,643	3,252
Overnight deposit	0	36,088
Cash in transit	1,133	1,463
<b>Total cash and cash equivalents</b>	<b>39,754</b>	<b>42,064</b>

**Note 3. Trade and other receivables**

in thousands of euros

	31.03.2024	31.12.2023
Trade receivables (Note 4)	20,755	22,456
Other short-term receivables	638	286
<b>Total financial assets from balance sheet line "Trade and other receivables"</b>	<b>21,393</b>	<b>22,742</b>
Prepayment for goods	2,010	1,619
Other prepaid expenses	1,084	1,150
Prepaid rental expenses	12	17
Prepaid taxes (Note 14)	73	40
<b>Total trade and other receivables</b>	<b>24,572</b>	<b>25,568</b>

**Note 4. Trade receivables**

in thousands of euros

	31.03.2024	31.12.2023
Trade receivables	18,857	19,355
Allowance for doubtful receivables	-150	-151
Receivables from related parties (Note 20)	661	542
Credit card payments (receivables)	1,387	2,710
<b>Total trade receivables</b>	<b>20,755</b>	<b>22,456</b>

**Note 5. Inventories**

in thousands of euros

	31.03.2024	31.12.2023
Goods purchased for resale	94,189	97,478
Tare and materials	691	776
<b>Total inventories</b>	<b>94,880</b>	<b>98,254</b>

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 2024	3 months 2023
Write-down and write-off of inventories	3,473	2,853
Inventory stocktaking deficit	539	781
<b>Total materials and consumables used</b>	<b>4,012</b>	<b>3,634</b>

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 31.03.2024	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 transaction creates opportunities to bring new products to the market and develop security system wholesale operations. 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
<b>Total identifiable net assets</b>	<b>745</b>
Consideration of ownership interest	745
<b>Paid for ownership interest in cash</b>	<b>596</b>
Payable in future for the ownership interest in cash	149
Cash and cash equivalents in the acquired entity	-52
<b>Net outflow of cash – investing activities</b>	<b>-544</b>
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 merging of the two companies gives positive synergy through the fusion of strong industry know-how, the growth of operational capability and cost-effectiveness. The transaction creates an opportunity to continue successful growth and develop new services.

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
<b>Total identifiable net assets</b>	<b>-5</b>
Consideration of ownership interest	1,622
Goodwill (Note 11)	1,627
<b>Paid for ownership interest in cash</b>	<b>1,316</b>
Payable in future for the ownership interest in cash	306
Cash and cash equivalents in the acquired entity	-6
<b>Net outflow of cash – investing activities</b>	<b>-1,310</b>
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
<b>Total identifiable net assets</b>	<b>-71</b>
Consideration of ownership interest	482
Goodwill (Note 11)	553
<b>Paid for ownership interest in cash</b>	<b>416</b>
Payable in future for the ownership interest in cash	66
Cash and cash equivalents in the acquired entity	-13
<b>Net outflow of cash – investing activities</b>	<b>-403</b>
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.

	31.03.2024	31.12.2023
<b>Investment in the associate at the beginning of the year</b>	<b>1,732</b>	<b>1,722</b>
Profit for the reporting period under equity method	72	240
Dividends received	0	-230
<b>Investment in the associate at the end of the accounting period</b>	<b>1,804</b>	<b>1,732</b>

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

	31.03.2024	31.12.2023
Current assets	288	138
Property, plant and equipment	3,378	3,388
Current liabilities	59	59
Owners' equity	3,607	3,467
	<b>3 months 2024</b>	<b>3 months 2023</b>
Revenue	143	137
Net profit	123	115

#### Note 8. Long-term receivables and prepayments

in thousands of euros

	31.03.2024	31.12.2023
Prepaid rental expenses	206	205
Deferred tax asset	37	37
Other long-term receivables	2	1
<b>Total long-term trade and other receivables</b>	<b>245</b>	<b>243</b>

#### Note 9. Investment property

in thousands of euros

in thousands of euros	
<b>Carrying value as at 31.12.2022</b>	<b>63,623</b>
Purchases and improvements	896
Net profit from fair value adjustment	452
<b>Carrying value as at 31.12.2023</b>	<b>64,971</b>
Purchases and improvements	0
<b>Carrying value as at 31.03.2024</b>	<b>64,971</b>

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 2024 amounted to 0 euros (2023: 896 thousand euros).

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

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

## Note 10. Property, plant and equipment

in thousands of euros

	Land and buildings	Right-of use-assets: retail properties	Machinery and equipment	Other fixtures and fittings	Construction and projects in progress	Total
<b>31.12.2022</b>						
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
<b>Carrying value</b>	<b>198,638</b>	<b>162,136</b>	<b>27,194</b>	<b>18,102</b>	<b>14,530</b>	<b>420,600</b>
<b>Changes occurred in 2023</b>						
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
<b>31.12.2023</b>						
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
<b>Carrying value</b>	<b>211,550</b>	<b>157,585</b>	<b>30,459</b>	<b>18,508</b>	<b>15,204</b>	<b>433,306</b>
<b>Changes occurred in 2024</b>						
Purchases and improvements	42	0	424	1,235	4,829	6,530
Other reclassifications	0	0	23	0	0	23
Reclassification from intangible assets (Note 11)	0	0	0	0	864	864
Reclassification to inventory	0	0	-92	0	0	-92
Reclassification to property, plant and equipment from inventory	0	0	426	1	2	429
Disposals	0	0	-73	-1	0	-74
Write-offs	-1	0	-17	-3	0	-21
Adjustment to right-of use assets	0	630	0	0	0	630
Depreciation	-1,853	-5,023	-1,907	-1,621	0	-10,404
<b>31.03.2024</b>						
Cost or revalued amount	211,435	247,742	74,185	60,964	29,870	624,196
Accumulated depreciation and impairment	-1,697	-94,550	-44,942	-42,845	-8,971	-193,005
<b>Carrying value</b>	<b>209,738</b>	<b>153,192</b>	<b>29,243</b>	<b>18,119</b>	<b>20,899</b>	<b>431,191</b>

The cost of investments for the 3 months of 2024 amounted to 7,160 thousand euros (including purchases of property, plant and equipment in the amount of 6,530 thousand euros and purchases of intangible assets amounted to 630 thousand euros).

The cost of purchases of property, plant and equipment made in reporting period in the supermarkets business segment was 562 thousand euros. During the reporting period, computing equipment was purchased, and the store fittings were renewed.

The cost of purchases of property, plant and equipment in the business segment of department stores amounted to 137 thousand euros.

The cost of purchases of property, plant and equipment in the reporting period was 336 thousand euros in the car trade business segment.

The cost of purchases of property, plant and equipment in the reporting period was 85 thousand euros in the security business segment.

The cost of purchases of property, plant and equipment in the real estate business segment amounted to 5,410 thousand euros. During the reporting period, construction works has been made of the logistics centre in Paemurru tn.1, Maardu for the needs of the Group. The logistics centre will serve the cargo volumes of TKM Group, especially its subsidiary Selver AS. In addition, real estate companies have made investments for more accurate measurement and management of the energy consumption of technical systems.

TKM Kinnisvara AS, a subsidiary of TKM Grupp AS, is planning to build a logistics centre with a gross area of 17,200 m<sup>2</sup> on its immovable property located at 1 Paemurru Street in the city of Maardu. On 2023 August TKM Kinnisvara AS and AS Merko Ehitus Eesti signed a contract for the construction of the logistics centre. The value of the contract is approximately 20 million euros plus VAT. The building is scheduled to be completed in autumn 2024.

### Note 11. Intangible assets

in thousands of euros

	Goodwill	Trademark	Beneficial agreements	Capitalised development expenditure	Total
<b>31.12.2022</b>					
Cost	16,869	2,091	120	5,355	24,435
Accumulated amortisation and impairment	0	-863	-31	-1,818	-2,712
<b>Carrying value</b>	<b>16,869</b>	<b>1,228</b>	<b>89</b>	<b>3,537</b>	<b>21,723</b>
<b>Changes occurred in 2023</b>					
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
<b>31.12.2023</b>					
Cost	19,049	2,243	120	7,430	28,842
Accumulated amortisation and impairment	0	-1,153	-49	-2,270	-3,472
<b>Carrying value</b>	<b>19,049</b>	<b>1,090</b>	<b>71</b>	<b>5,160</b>	<b>25,370</b>
<b>Changes occurred in 2024</b>					
Purchases and improvements	0	0	0	630	630
Reclassification to property, plant and equipment (Note 10)	0	0	0	-864	-864
Amortisation	0	-74	-4	-107	-185
<b>31.03.2024</b>					
Cost	19,049	2,243	120	7,196	28,608
Accumulated amortisation and impairment	0	-1,227	-53	-2,377	-3,657
<b>Carrying value</b>	<b>19,049</b>	<b>1,016</b>	<b>67</b>	<b>4,819</b>	<b>24,951</b>

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 630 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	31.03.2024	31.12.2023
Supermarkets	13,609	13,609
Car trade	3,156	3,156
Security	2,284	2,284
<b>Total</b>	<b>19,049</b>	<b>19,049</b>

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	31.03.2024	31.12.2023
<b>Short-term borrowings</b>		
Overdraft	7,818	7,361
Bank loans	11,227	16,126
Lease liabilities	14,099	18,722
Other borrowings	5,698	6,611
<b>Total short-term borrowings</b>	<b>38,842</b>	<b>48,820</b>
<b>Long-term borrowings</b>		
Bank loans	99,770	92,712
Lease liabilities	151,225	150,614
Other borrowings	15,670	15,531
<b>Total long-term borrowings</b>	<b>266,665</b>	<b>258,857</b>
<b>Total borrowings</b>	<b>305,507</b>	<b>307,677</b>

**Borrowings received**  
in thousands of euros

	3 months 2024	3 months 2023
Overdraft	457	10,426
Bank loans	3,965	11,378
Other borrowings	1,443	1,173
<b>Total borrowings received</b>	<b>5,865</b>	<b>22,977</b>

**Borrowings paid**

in thousands of euros

	3 months 2024	3 months 2023
Bank loans	1,806	7,102
Lease liabilities	4,642	4,331
Other borrowings	2,218	1,134
<b>Total borrowings paid</b>	<b>8,666</b>	<b>12,567</b>

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 31.03.2024, the repayment dates of bank loans are between 06.05.2024 and 26.09.2029 (2023: between 26.03.2024 and 26.12.2028), interest is tied both to 3-month and 6-month EURIBOR. Weighted average interest rate was 5.18% (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 2.28% (31.12.2023: 2.21%).

**Net debt reconciliation**

in thousands of euros

	31.03.2024	31.12.2023
Cash and cash equivalents (Note 2)	39,754	42,064
Short-term borrowings	-38,842	-48,820
Long-term borrowings	-266,665	-258,857
<b>Net debt</b>	<b>-265,753</b>	<b>-265,613</b>
Cash and cash equivalents (Note 2)	39,754	42,064
Gross debt – fixed interest rates	-165,324	-169,336
Gross debt – variable interest rates	-140,183	-138,341
<b>Net debt</b>	<b>-265,753</b>	<b>-265,613</b>

	Cash and cash equivalents	Overdraft	Borrowings	Lease liabilities	Total
<b>Net debt 31.12.2022</b>	<b>22,436</b>	<b>-15,222</b>	<b>-101,067</b>	<b>-171,643</b>	<b>-265,496</b>
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
<b>Net debt 31.12.2023</b>	<b>42,064</b>	<b>-7,361</b>	<b>-130,980</b>	<b>-169,336</b>	<b>-265,613</b>
Cash flow (principal and interest)	-2,310	-457	465	5,631	3,329
Interest accrued	0	0	-1,850	-989	-2,839
Revaluation of lease liabilities	0	0	0	-630	-630
<b>Net debt 31.03.2024</b>	<b>39,754</b>	<b>-7,818</b>	<b>-132,365</b>	<b>-165,324</b>	<b>-265,753</b>

**Note 13. Trade and other payables**

in thousands of euros

	31.03.2024	31.12.2023
Trade payables	69,789	77,544
Payables to related parties (Note 20)	3,676	4,091
Other accrued expenses	687	997
Prepayments by tenants	3,688	4,092
<b>Total financial liabilities from balance sheet line "Trade and other payables"</b>	<b>77,840</b>	<b>86,724</b>
Taxes payable (Note 14)	12,107	12,151
Dividends declared (Note 15)	29,325	0
Income tax liability on dividends (Note 15)	5,312	0
Employee payables	10,466	12,242
Prepayments	3,398	3,456
<b>Total trade and other payables</b>	<b>138,448</b>	<b>114,573</b>

**Note 14. Taxes**

in thousands of euros

	31.03.2024		31.12.2023	
	Prepaid taxes	Taxes payable	Prepaid taxes	Taxes payable
Prepaid taxes	73	0	40	0
Value added tax	0	5,087	0	5,810
Personal income tax	0	2,032	0	1,711
Social security taxes	0	4,530	0	4,132
Corporate income tax	0	30	0	110
Unemployment insurance	0	282	0	266
Mandatory funded pension	0	146	0	122
<b>Total taxes</b>	<b>73</b>	<b>12,107</b>	<b>40</b>	<b>12,151</b>

As of 31.03.2024 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 31.03.2024 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 declared to the shareholders in the amount of 29,325 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

<b>3 months 2024</b>	<b>Super- markets</b>	<b>Depart- ment store</b>	<b>Car trade</b>	<b>Security</b>	<b>Real estate</b>	<b>Inter- segment transact- ions</b>	<b>Impact of lease accounting</b>	<b>Total seg- ments</b>
<b>External revenue</b>	<b>146,448</b>	<b>23,991</b>	<b>44,844</b>	<b>4,526</b>	<b>1,694</b>	<b>0</b>	<b>0</b>	<b>221,503</b>
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
<b>EBITDA</b>	<b>4,321</b>	<b>-207</b>	<b>2,905</b>	<b>37</b>	<b>4,047</b>	<b>0</b>	<b>5,631</b>	<b>16,734</b>
Segment depreciation and impairment losses (Note 10,11)	-3,163	-705	-395	-150	-1,174	0	-5,023	-10,610
<b>Operating profit/loss</b>	<b>1,158</b>	<b>-912</b>	<b>2,510</b>	<b>-113</b>	<b>2,873</b>	<b>0</b>	<b>608</b>	<b>6,124</b>
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
<b>Net profit/loss</b>	<b>-597</b>	<b>-1,332</b>	<b>1,209</b>	<b>-138</b>	<b>-272</b>	<b>0</b>	<b>-381</b>	<b>-1,511</b>
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
<b>Segment assets</b>	<b>148,456</b>	<b>83,637</b>	<b>55,215</b>	<b>8,296</b>	<b>313,751</b>	<b>-80,179</b>	<b>153,192</b>	<b>682,368</b>
<b>Segment liabilities</b>	<b>108,625</b>	<b>86,665</b>	<b>27,378</b>	<b>6,101</b>	<b>104,152</b>	<b>-48,417</b>	<b>165,324</b>	<b>449,828</b>
Segment investments in property, plant and equipment (Note 10)	562	137	336	85	5,410	0	0	6,530
Segment investments in intangible assets (Note 11)	0	626	2	2	0	0	0	630

in thousands of euros

<b>3 months 2023</b>	<b>Super- markets</b>	<b>Depart- ment store</b>	<b>Car trade</b>	<b>Security</b>	<b>Real estate</b>	<b>Inter- segment transact- ions</b>	<b>Impact of lease accounting</b>	<b>Total seg- ments</b>
<b>External revenue</b>	<b>147,228</b>	<b>24,711</b>	<b>41,725</b>	<b>2,854</b>	<b>1,565</b>	<b>0</b>	<b>0</b>	<b>218,083</b>
Inter-segment revenue	318	1,103	106	1,475	3,640	-6,642	0	0
Total revenue	147,546	25,814	41,831	4,329	5,205	-6,642	0	218,083
<b>EBITDA</b>	<b>4,797</b>	<b>84</b>	<b>3,428</b>	<b>169</b>	<b>4,029</b>	<b>0</b>	<b>5,195</b>	<b>17,702</b>
Segment depreciation and impairment losses	-2,965	-690	-288	-101	-1,180	0	-4,842	-10,066
<b>Operating profit/loss</b>	<b>1,832</b>	<b>-606</b>	<b>3,140</b>	<b>68</b>	<b>2,849</b>	<b>0</b>	<b>353</b>	<b>7,636</b>
Finance income	226	238	14	0	195	-672	0	1
Finance income on shares of associates (Note 7)	0	69	0	0	0	0	0	69
Finance costs	-382	-464	-161	-13	-594	672	-864	-1,806
Income tax	-1,139	-228	-1,157	0	-2,776	0	0	-5,300
<b>Net profit/loss</b>	<b>537</b>	<b>-991</b>	<b>1,836</b>	<b>55</b>	<b>-326</b>	<b>0</b>	<b>-511</b>	<b>600</b>
incl. in Estonia	537	-991	1,283	55	-383	0	-511	-10
incl. in Latvia	0	0	195	0	74	0	0	269
incl. in Lithuania	0	0	358	0	-17	0	0	341
<b>Segment assets</b>	<b>142,066</b>	<b>99,639</b>	<b>58,452</b>	<b>5,007</b>	<b>289,651</b>	<b>-104,682</b>	<b>162,830</b>	<b>652,963</b>
<b>Segment liabilities</b>	<b>112,486</b>	<b>101,557</b>	<b>35,689</b>	<b>4,548</b>	<b>86,191</b>	<b>-74,919</b>	<b>172,848</b>	<b>438,400</b>
Segment investments in property, plant and equipment	3,259	741	267	90	723	0	0	5,080
Segment investments in intangible assets	0	335	0	6	0	0	0	341

**External revenue according to types of goods and services sold**

in thousands of euros

	<b>3 months 2024</b>	<b>3 months 2023</b>
Retail revenue	194,889	196,903
Wholesale revenue	14,355	11,148
Rental income	2,684	2,562
Revenue for rendering services	9,575	7,470
<b>Total revenue</b>	<b>221,503</b>	<b>218,083</b>

**External revenue by client location**

in thousands of euros

	<b>3 months 2024</b>	<b>3 months 2023</b>
Estonia	206,887	203,528
Latvia	7,468	7,879
Lithuania	7,148	6,676
<b>Total</b>	<b>221,503</b>	<b>218,083</b>

**Distribution of non-current assets\* by location of assets**

in thousands of euros

	<b>31.03.2024</b>	<b>31.12.2023</b>
Estonia	485,798	488,285
Latvia	33,095	33,307
Lithuania	2,465	2,298
<b>Total</b>	<b>521,358</b>	<b>523,890</b>

\* 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

	<b>3 months 2024</b>	<b>3 months 2023</b>
Rental expenses	78	162
Heat and electricity expenses	3,852	4,739
Expenses related to premises	2,845	2,830
Cost of services and materials related to sales	1,748	1,898
Marketing expenses	2,294	1,988
Other operating expenses	1,372	1,349
Computer and communication costs	1,820	1,784
Expenses related to personnel	1,253	1,145
<b>Total other operating expenses</b>	<b>15,262</b>	<b>15,895</b>

**Note 18. Staff costs**

in thousands of euros

	<b>3 months 2024</b>	<b>3 months 2023</b>
Wages and salaries	20,755	19,626
Social security taxes	6,539	6,226
<b>Total staff costs</b>	<b>27,294</b>	<b>25,852</b>
Average wages per employee per month (euros)	1,445	1,389
Average number of employees in the reporting period	4,788	4,710

**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.

	<b>3 months 2024</b>	<b>3 months 2023</b>
Net profit/loss (in thousands of euros)	-1,511	600
Weighted average number of shares	40,729,200	40,729,200
<b>Basic and diluted earnings per share (euros)</b>	<b>-0.04</b>	<b>0.01</b>

**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:

	<b>Purchases 3 months 2024</b>	<b>Sales 3 months 2024</b>	<b>Purchases 3 months 2023</b>	<b>Sales 3 months 2023</b>
Parent	63	155	60	1
Entities in the Parent's consolidation group	6,414	1,031	8,384	809
Members of management and supervisory boards	0	3	0	0
Other related parties	3	5	7	2
<b>Total</b>	<b>6,480</b>	<b>1,194</b>	<b>8,451</b>	<b>812</b>

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:**

	31.03.2024	31.12.2023
Receivables from entities in the in the Parent's consolidation group	661	540
Members of management and supervisory boards	0	2
<b>Total receivables from related parties (Note 4)</b>	<b>661</b>	<b>542</b>
	<b>31.03.2024</b>	<b>31.12.2023</b>
Parent	0	24
Entities in the Parent's consolidation group	3,675	4,065
Other related parties	1	2
<b>Total liabilities to related parties (Note 13)</b>	<b>3,676</b>	<b>4 091</b>

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 154 thousand euros, interest rate 2,65% (2023: 81 thousand euros, interest rate 1.27%). As at 31 March 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 1,892 thousand euros (2023 3 months: 1,530 thousand euros). Short-term benefits to supervisory boards' members of the Group in reporting period including social taxes amounted to 218 thousand euros (2023 3 months: 208 thousand euros).

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