

Consolidated Statement of Cash Flows

		Year ended 31 December	
	Notes	2024	2023
OPERATING ACTIVITIES			
Net profit		135 739	184 672
Adjustments for:			
Depreciation	5, 6, 7	202 508	190 616
Amortisation	8	8 209	7 167
Property, plant & equipment, intangible assets, right-of-use assets impairment charge (reversal)	21	12 000	6 361
(Profit) / loss on disposal and write-offs of property, plant and equipment and intangible assets	4,5,8	665	2 214
Income tax expense	23	26 806	33 490
Interest expenses	22	77 175	64 888
Interest and other finance income	22	(5 978)	(5 077)
<i>Changes in working capital</i>			
- trade and other receivables		12 194	(3 799)
- inventories		(13 325)	(27 302)
- reverse factoring arrangements	18	160	8 712
- trade and other payables		26 894	50 741
Cash generated from operations		483 047	512 683
Income tax paid	23	(38 835)	(24 966)
Net cash generated from operating activities		444 212	487 717
INVESTING ACTIVITIES			
Purchases of property, plant and equipment, intangible assets and investment properties	5, 7, 8	(227 700)	(174 566)
Proceeds from disposal of property, plant and equipment		24 213	10 097
Loans granted		(228)	(447)
Proceeds from repayment of loans granted		483	179
Interest received		4 537	4 184
Finance sublease receivable collected		4 365	3 964
Net cash (used in) investing activities		(194 330)	(156 589)
FINANCING ACTIVITIES			
	25		
Proceeds from borrowings		84 069	172 939
Repayment of borrowings		(82 370)	(211 189)
Payment of principal portion on lease liabilities		(110 077)	(103 190)
Dividends paid	24	(123 000)	(70 000)
Interest paid, including interest on leases		(76 459)	(64 372)
Net cash (used in) financing activities		(307 837)	(275 812)
Net increase (decrease) in cash and cash equivalents		(57 955)	55 316
CASH AND CASH EQUIVALENTS, LESS OVERDRAFTS, AT THE BEGINNING OF THE YEAR	14	318 827	263 511
CASH AND CASH EQUIVALENTS, LESS OVERDRAFTS, AT THE END OF THE YEAR	14	260 872	318 827

Notes to the Consolidated Financial Statements

1. General information

MAXIMA GRUPĖ, UAB (hereinafter "the Company") was incorporated and commenced its operations on 27 August 2007. The Company's registered address is Ozo st. 25, Vilnius, Lithuania. The Company's legal status - private limited liability company, entity code 301066547.

The sole shareholder of the Company is Uždaroji Akcinė Bendrovė Vilniaus Prekyba incorporated in Lithuania. The ultimate shareholder is METODIKA B.V., incorporated in the Netherlands.

The consolidated group is comprised of the Company and its subsidiary undertakings (hereinafter collectively referred to as "the Group"). In 2024 and 2023, the Group's main subsidiaries are listed in the table below. Other subsidiaries not listed below are mainly involved in real estate management. The Group owns 100% of shares in all subsidiaries. In 2024 there were no significant business combinations (in 2023, 19 real estate companies were merged with the remaining real estate companies in Lithuania, all of which were subsidiaries of Maxima LT, UAB).

Significant subsidiary	Country of incorporation	% held by the Group (on 31 December)		Principal business activities
		2024	2023	
MAXIMA LT, UAB	Lithuania	100%	100%	Retail in food and consumables
MAXIMA Latvija SIA	Latvia	100%	100%	Retail in food and consumables
MAXIMA Eesti OU	Estonia	100%	100%	Retail in food and consumables
MAXIMA Bulgaria EOOD	Bulgaria	100%	100%	Retail in food and consumables
Stokrotka Sp.z.o.o.	Poland	100%	100%	Retail in food and consumables
BARBORA, UAB	Lithuania	100%	100%	E-trade
PATRIKA SIA	Latvia	100%	100%	E-trade
SUPERSA OU	Estonia	100%	100%	E-trade
Barbora Polska Sp.z.o.o.	Poland	100%	100%	E-trade (In liquidation)
FRANMAX, UAB	Lithuania	100%	100%	IT development, maintenance and consulting services
MAXIMA INTERNATIONAL SOURCING, UAB	Lithuania	100%	100%	Procurement and agency services of food and consumables

The Group's principal business activity is retail and e-trade in food and consumables.

As of 31 December 2024, the Group employed 36.4 thousand employees (total remuneration related costs amounted to EUR 657 million in 2024 (31 December 2023: 37.8 thousand employees, remuneration related costs EUR 599 million).

The Group's bonds are traded at Euronext Dublin (Ireland) and Nasdaq Vilnius (Lithuania) stock exchanges (Note 17).

The Company's management authorized these consolidated financial statements on 2 April 2025. The Company's shareholders have a statutory right to approve or not to approve these consolidated financial statements and to require the preparation of a new set of consolidated financial statements.

2. Material accounting policies

The accounting policies applied in the preparation of these consolidated financial statements are set out below. The accounting policies adopted are consistent with those of the previous financial year, except for the below amended IFRSs which have been adopted by the Group as of 1 January 2024.

2.1. Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS"), as adopted by the European Union (hereinafter "the EU"). These consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value.

All amounts in these consolidated financial statements are presented in euros, the functional currency of the Company and presentation currency of the Group, and they have been rounded to the nearest thousand (in thousand EUR), unless otherwise stated. Due to rounding the numbers in these consolidated financial statements may not sum up.

2.2. Adoption of new and/or revised IFRSs and Interpretations of the International Financial Reporting Interpretations Committee (IFRIC)

New standards, amendments and interpretations adopted by the Group

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023).

In response to concerns of the users of financial statements about inadequate or misleading disclosure of financing arrangements, in May 2023, the IASB issued amendments to IAS 7 and IFRS 7 to require disclosure about entity's supplier finance arrangements (SFAs). These amendments require the disclosures of the entity's supplier finance arrangements that would enable the users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The purpose of the additional disclosure requirements is to enhance the transparency of the supplier finance arrangements. The amendments do not affect recognition or measurement principles but only disclosure requirements. The new disclosure requirements will be effective for the annual reporting periods beginning on or after 1 January 2024. The Group is currently assessing the impact of the amendments on its financial statements.

The Group applied these amendments to standards and recommendations by refining the disclosures of its accounting policy. As a result of the adoption of the amendments to IAS 7 and IFRS 7, the Group provided new disclosures for liabilities under supplier finance arrangements in Note 18.

Classification of liabilities as current or non-current – Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024).

These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. The October 2022 amendment established that loan covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument.

As a result of the adoption of the amendments to IAS 1, the Group changed its accounting policy for the classification of borrowings: borrowings are classified as current liabilities unless at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period. This new policy did not result in a change in the classification of the Group's borrowings. The Group did not make retrospective adjustments as a result of adopting the amendments to IAS 1.

Several other amendments apply for the first time in 2024, but do not have an impact on the financial statements of the Group for the year ended 31 December 2024.

IFRSs issued but not yet effective

Amendments to IAS 21 Lack of Exchangeability (Issued on 15 August 2023 and effective for annual periods beginning on or after 1 January 2025).

In August 2023, the IASB issued amendments to IAS 21 to help entities assess exchangeability between two currencies and determine the spot exchange rate, when exchangeability is lacking. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. The amendments to IAS 21 do not provide detailed requirements on how to estimate the spot exchange rate. Instead, they set out a framework under which an entity can determine the spot exchange rate at the measurement date. When applying the new requirements, it is not permitted to restate comparative information. It is required to translate the affected amounts at estimated spot exchange rates at the date of initial application, with an adjustment to retained earnings or to the reserve for cumulative translation differences. The Group is currently assessing the impact of the amendments on its financial statements.

Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 (issued on 30 May 2024 and effective for annual periods beginning on or after 1 January 2026).

On 30 May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 to:

- (a) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- (b) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- (c) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
- (d) update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The Group is currently assessing the impact of the amendments on its financial statements.

Annual Improvements to IFRS Accounting Standards (Issued in July 2024 and effective from 1 January 2026)

IFRS 1 was clarified that a hedge should be discontinued upon transition to IFRS Accounting Standards if it does not meet the 'qualifying criteria', rather than 'conditions' for hedge accounting, in order to resolve a potential confusion arising from an inconsistency between the wording in IFRS 1 and the requirements for hedge accounting in IFRS 9. IFRS 7 requires disclosures about a gain or loss on derecognition relating to financial assets in which the entity has a continuing involvement, including whether fair value measurements included 'significant unobservable inputs'. This new phrase replaced reference to 'significant inputs that were not based on observable market data'. The amendment makes the wording consistent with IFRS 13. In addition, certain IFRS 7 implementation guidance examples were clarified and text added that the examples do not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7. IFRS 16 was amended to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply IFRS 9 guidance to recognise any resulting gain or loss in profit or loss. This clarification applies to lease liabilities that are extinguished on or after the beginning of the annual reporting period in which the entity first applies that amendment. In order to resolve an inconsistency between IFRS 9 and IFRS 15, trade receivables are now required to be initially recognised at 'the amount determined by applying IFRS 15' instead of at 'their transaction price (as defined in IFRS 15)'. IFRS 10 was amended to use less conclusive language when an entity is a 'de-facto agent' and to clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of a circumstance in which judgement is required to determine whether a party is acting as a de-facto agent. IAS 7 was corrected to delete references to 'cost method' that was removed from IFRS Accounting Standards in May 2008 when the IASB issued amendment 'Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate'.

The Group is currently assessing the impact of the amendments on its financial statements.

Contracts Referencing Nature-dependent Electricity Amendments to IFRS 9 and IFRS 7 (Issued on 18 December 2024 and effective from 1 January 2026).

The IASB has issued amendments to help companies better report the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements (PPAs). Current accounting requirements may not adequately capture how these contracts affect a company's performance. To allow companies to better reflect these contracts in the financial statements, the IASB has made targeted amendments to IFRS 9, Financial Instruments, and IFRS 7, Financial Instruments: Disclosures. The amendments include: (a) clarifying the application of the 'own-use' requirements; (b) relaxing certain hedge accounting requirements if these contracts are used as hedging instruments; and (c) adding new disclosure requirements to enable investors to understand the effect of these contracts on financial performance and cash flows.

The Group is currently assessing the impact of the amendments on its financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements (Issued on 9 April 2024 and effective for annual periods beginning on or after 1 January 2027).

In April 2024, the IASB has issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to: the structure of the statement of profit or loss;

required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'. IFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and also applies to comparative information.

The Group is currently assessing the impact of the amendments on its financial statements.

Other standards

There are no other IFRSs, IAS amendments or IFRIC interpretations that are not yet effective that would be expected to have an impact on the Group.

The Group plans to adopt the above mentioned standards and interpretations on their effective dates provided they are endorsed by the EU.

2.3. Goodwill

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase gain.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or their groups i.e. retail stores) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.4. Property, plant and equipment

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using the straight-line method to allocate the cost of assets to their residual values over their estimated useful lives, as follows:

Buildings	2 – 37 years
Equipment and other assets	2 – 12 years
Vehicles	2 – 4 years

Buildings average residual useful life as of the reporting date is 22 years.

Leasehold improvements are depreciated on a straight-line basis over the shorter of the estimated useful life of the improvement and the term of the lease.

Properties in the course of construction for operations or for administrative purposes are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation of property, plant and equipment is recognised in profit or loss. Depreciation of property, plant and equipment directly related to sales of goods and services is recognised in cost of sales and depreciation of other property, plant and equipment is recognised in general and administrative expenses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

A gain or loss arising on the disposal of an asset is recognised in profit or loss.

2.5. Investment properties

Investment properties, store buildings and other commercial premises, are held for long-term rental yields and are not occupied by the Group. They are measured initially at cost. Subsequent to initial recognition, investment properties are stated at historical cost less accumulated depreciation and impairment. Depreciation is calculated using the straight-line method. Estimated useful lives of investment property is 10 – 30 years. Land is not depreciated.

Investment properties are derecognised either when they have been disposed of (i.e., at the date a buyer obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use.

2.6. Intangible assets with finite useful lives

Intangible assets expected to provide economic benefits in future periods are measured at acquisition cost less subsequent accumulated amortisation and accumulated impairment losses, if any. Amortisation is calculated on the straight-line method to write off the cost of each asset over their estimated useful lives.

Intangible assets acquired in a business combination (trademarks, customer contracts) are recognised at fair value at the acquisition date. They have finite useful life and are carried at cost (being fair value if acquired in a business combination) less accumulated amortisation and impairment losses, if any.

All amortisation of intangible assets is recognised in profit or loss as general and administrative expenses unless it relates to operation of warehouses or retail outlets when it is recognised as cost of sales. The Group amortises intangible assets over the following periods:

Software	2 - 5 years
Brands and trademarks	5 - 15 years
Customer contracts	15 years
Other intangible assets	2 - 5 years

2.7. Impairment of non-financial assets (except for goodwill)

At each financial year end, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is determined in order to determine the extent of the impairment loss, if any.

2.8. Inventories

Inventories are stated at the lower of weighted average cost and net realisable value. Net realisable value represents the estimated selling price less all estimated costs necessary to be incurred in selling. The cost of inventories is calculated by using weighted average cost method: $\text{weighted average inventory unit cost} = \text{total cost of units for particular item} / \text{number of units of particular item}$.

The cost of inventories is net of volume discounts and rebates received from suppliers during the reporting period but applicable to the inventories still held in stock. Warehousing of inventory and logistics costs incurred for transportation of inventory between different locations of retail operators are accounted for as cost of sales in the relevant accounting period.

2.9. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.9.1. Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade and other receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade and other receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 *Revenue from contracts with customers*. Refer to the accounting policies in Note 2.13.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset.

Subsequent measurement

a) Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade and other receivables, cash and cash equivalents, time deposits and loans granted.

Impairment of financial assets – credit loss allowance for expected credit losses

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original

effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade and other receivables (including net investment in the lease) the Group applies a simplified approach in calculating ECLs. The Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience. In addition, the Group reviews individual significant trade and other receivables and recognises individual loss allowances if needed.

The Group considers a financial asset in default when contractual payments are past due. The default rates are calculated for the following aging intervals: 1) 1 – 30 days, 2) 31 – 90 days, 3) more than 90 days.

In certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.9.2. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as follows:

- financial liabilities at fair value through profit or loss,
- financial liabilities at amortised cost,
- derivatives designated as hedging instruments in an effective hedge.

All financial liabilities are recognised initially at fair value and, in case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, borrowings including bank overdrafts and bonds, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of selling in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9 *Financial instruments*.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities are designated upon initial recognition at fair value through profit or loss if the criteria in IFRS 9 for such a designation are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

b) Financial liabilities at amortised cost

After initial recognition financial liabilities at amortised cost are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR unwinding process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR unwinding is included in profit or loss as finance costs.

This category generally applies to interest-bearing borrowings, including bank overdrafts and issued bonds, and trade and other payables.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

2.10. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized. All other borrowing costs are expensed in the period they occur.

2.11. Derivative financial instruments and hedging activities

The Group engages in derivative financial instruments transactions, such as forwards, to hedge purchase and sale price fluctuation risk, and interest rate swaps to hedge cash flows fluctuation risk of EURIBOR on the loans taken from banks, i. e. effectively switching the interest into a fixed rate.

On the agreement date and subsequently derivative financial instruments are accounted for at fair value. Fair value is derived from quoted market prices for forwards (level 1) and using valuation models for interest rate swaps (level 2 and 3). The estimated fair values of these contracts are reported in the statement of financial position as assets for contracts having a positive fair value and liabilities for contracts with a negative fair value. Gain or losses from changes in the fair value of derivative financial instruments are recognised in profit or loss.

For the purposes of hedge accounting, hedges are classified into two categories:

- (a) fair value hedges which hedge the exposure to changes in the fair value of a recognised asset or liability or a firm commitment (fair value hedges); and
- (b) cash flow hedges which hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedge relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument;
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship;
- The hedge ratio of the hedge relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the other reserves, while any ineffective portion is recognised immediately in profit or loss.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in other comprehensive income is removed from other reserves and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to profit or loss as a reclassification adjustment in the same period during which the hedged cash flows affect profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognised in equity remains in equity until the forecasted transaction occurs. Where the hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in other comprehensive income is transferred to the statement of comprehensive income (profit or loss).

2.12. Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.13. Revenue from contracts with customers

a) Retail revenue

The Group recognises revenue from its retail customers as it satisfies its performance obligations at the point of check out in its retail stores. Payment of the transaction price is due immediately when the customer purchases the goods.

Revenue from online sales is recognised upon delivery of goods, i.e. upon transfer of control of goods to customer. Online customers pay either at the time of order of goods online using the electronic means of payment or at the time of delivery of goods in cash or by using bank cards. Contract liability is recognised for the payments received before goods are delivered to the customer.

The Group sells gift cards that can be purchased in stores and can later be used to pay for goods in the Group's retail stores. The client pays for the gift card at the time of purchase of gift card. A contract liability for the sold gift cards is recognised at the time of the sale transaction. Revenue is recognised when the gift cards are redeemed by the retail customer or expire, whichever event occurs earlier.

The Group operates a loyalty programme, which allows customers to accumulate points when they purchase goods in the Group's retail stores and online. The points can be redeemed for payment of part of next purchase. A contract liability for the loyalty points is recognised at the time of the original sale transaction under contract liabilities in trade

and other payables. Revenue is recognised at the earlier of when the points are redeemed or when they expire.

Retail revenue is recognised at a point in time.

b) Commission income

For certain products and services, e.g. lottery tickets, collection of payments for utilities on behalf of utility service providers from retail customers, etc., the Group acts as an agent and recognises commission income in its revenue when the related goods are sold in retail stores. A commission income from the principle is recognised as revenue at a point in time. At this time the consideration is unconditional because only the passage of time is required before the payment is due.

c) Wholesale revenue

The Group sells goods to franchisees and other retailers. Revenue is recognised when control of the sold goods has been transferred to the wholesale client in accordance with the terms of delivery. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Wholesale revenue is recognised at a point in time.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to the customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional on the acceptance of the goods and services by the customer.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 2.9.1.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

2.14. Cost of sales

Cost of sales consists of cost of inventory, net of supplier discounts, and other costs attributable to sales of goods, including warehousing, logistics and retail operations.

Cost of sales are reduced by slotting fees and advertising income earned in accordance with written agreements with suppliers that the Group will be paid for promotional activities, including various advertising and market development efforts in the retail stores. Cost of sales are also shown net of fines and penalties received from suppliers for, e.g. late delivery or poor quality of goods. See Note 3.1 for critical judgements applied.

As at the year-end supplier discounts are allocated to the carrying value of inventory based on the amount of inventory sold and remaining in inventory.

2.15. Income tax

The income tax expense comprises of current tax expenses and changes in deferred tax.

a) Current income tax

The current income tax expenses are based on taxable profit for the year. The income tax for the Group is calculated according to the laws of the country in which respective Group's entity operates.

The main corporate income tax rates that have been applied in calculation of current income tax in respective countries:

	2024	2023
Lithuania	15%	15%
Latvia*	20/80	20/80
Estonia*	20/80 (14/86 for regular profit distribution amount)	20/80 (14/86 for regular profit distribution amount)
Poland	19%	19%
Bulgaria	10%	10%

* the taxation of income of subsidiaries operating in Latvia and Estonia is delayed till the moment of earnings distribution, i.e. till the moment of payment of dividends.

Starting from 2025, Estonia's corporate income tax (CIT) rate will increase by 2 percentage points to 22%. Additionally, from 2026 to 2028, an extra temporary corporate tax of 2% will be applied to companies' annual profits as part of the new defence tax package.

In Lithuania, the CIT rate remains at 15% until the end of the 2024 tax year. From 2025 onwards, the rate will increase to 16%.

b) Deferred income tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The Group recognises deferred tax liabilities in respect of taxable temporary differences stemming from investments in subsidiaries only to the extent that the Group expects reversals of those temporary differences in the foreseeable future. As the object of taxation in Latvia and Estonia is dividends, not profit, there are no differences between the carrying amounts and tax bases of assets and liabilities which could give rise to deferred tax assets or liabilities. In the consolidated financial statements the Group recognises deferred tax liabilities in respect of taxable temporary differences from investments in Latvian and Estonian subsidiaries for the taxes payable on the estimated dividend to be distributed in the foreseeable future from the retained earnings.

2.16. Employee benefits

a) Social security contributions

The Group pays social security contributions to the state Social Security Funds (hereinafter - the Fund) on behalf of its employees based on the defined contribution plans in accordance with the local legal requirements in respective countries. A defined contribution plan is a plan under which the Group pays fixed contributions into the Fund and will have no legal or constructive obligations to pay further contributions if the Fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Social security contributions are recognised as expenses on an accrual basis in the statement of comprehensive income.

b) Bonus plans

The Group recognises a liability and an expense for employee bonuses which are based on performance of an employee. The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration various financial and individual performance targets. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation. Remeasurements of liabilities are recognised immediately in profit or loss.

2.17. Leases

The determination of whether a contract is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

2.17.1. The Group as a lessee

As a lessee the Group recognises a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease, i.e. the date the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Recognised right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease term. The right-of-use assets are subject to impairment, see Note 2.7.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable and variable lease payments that depend on an index or a rate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period when they occur.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable, or if the Group changes its assessment of whether it will exercise a purchase, extension, or termination option. When lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment and other equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.17.2. The Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income are accounted for on a straight-line basis over the lease term and are included in profit or loss in revenue.

2.17.3. Sublease

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the classification of a sublease as a finance lease or an operating lease with reference to the right-of-use asset arising from the head lease. When subleases are classified as finance leases the Group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and presents the net investment in the sublease under current receivables for amounts to be settled within 12 months and non-current receivables and prepayments in the statement of financial position. During the term of the sublease the Group recognises finance income on sublease based on pattern reflecting a constant period rate of return on the net investment in the lease.

For subleases classified as operating lease, the Group recognises the lease income on a straight-line basis over the lease term and includes them in profit or loss in revenue. Modification to an operating lease is accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

2.18. Foreign currencies

a) Functional and presentation currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements are presented in EUR, which is functional currency of the Company, and the presentation currency for the consolidated financial statements.

b) Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the exchange rates prevailing on the dates of those transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

c) Group companies

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in EUR using exchange rates prevailing on the reporting date.

Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used.

All resulting exchange differences are recognised in other comprehensive income and foreign currency translation reserve in equity. Such translation differences are recognised as profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing exchange rate. Exchange differences arising are recognised in other comprehensive income and foreign currency translation reserve in equity.

2.19. Subsequent events

Subsequent events that provide additional information about the Group's position at the statement of financial position date (adjusting events) are reflected in the consolidated financial statements. Subsequent events that are not adjusting events are disclosed in the notes when material.

3. Critical accounting judgements and key sources of estimation uncertainty

3.1. Critical judgments in applying the accounting policy

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Critical judgement in classifying income from various advertising and market development services

The Group receives slotting fees for the product placements in stores and various advertising income from suppliers in cases when the retailer and the supplier have entered into written agreement that it will be paid for additional arrangement of the goods in the special places or for promotional activities, including various advertising and market development efforts. The product placement and advertising services cannot be sold separately from the supply of goods and the supplier would not obtain any rights or receive any benefit without selling products to the retailer. Therefore the Group concluded that such income should be recognised as a reduction of cost of sales.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases (buildings and land), to lease the assets for additional term of five to thirty years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to extend the lease term. It considers all relevant factors that create an economic incentive for it to exercise the renewal option (e.g., lease term, geographical location of the store, leasehold improvements, etc). The Group included the renewal period as part of the lease term for leases of buildings leased for retail operations where after considering a

number of relevant factors the Group concluded that it is reasonably certain that the Group will exercise an extension option.

Potential future cash flows that have not been included in the lease liability for extension options which realisation is not reasonably certain are disclosed in Note 6.

After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

Distinction between properties held for own use and those held to earn rental income.

Some properties comprise a portion that is held to earn rentals and another portion that is held for use in the retail operations or supply of goods or services or for administrative purposes. If one portion of the same property is used in the Group's activity, and other portion of the property is rented, leased portion of property is accounted for as an investment property only if that property could be sold or leased out under a finance lease separately. If the property requires the separation before the portions can be sold or leased out under a finance lease separately, then those portions are not accounted for as separate portions until the separation is feasible, and are presented in property, plant and equipment in the consolidated statement of financial position. See Note 7 for disclosures of investment properties.

Classification of reverse factoring arrangements (supply chain financing arrangements)

Supplier financing arrangement is a reverse factoring arrangement, where a financial institution (the Factor) agrees to pay amounts the Group owes to the suppliers and the Group agrees to pay the financial institution at the same date as, or a date later than, suppliers are paid. Based on the agreements the Group authorises the Factor to repay the invoices to the supplier. If the Factor would repay the invoice, the Group assumes an unconditional obligation to repay to the Factor. This represents a change of the creditor with a written consent of the Group. The moment of legal release of a debtor under obligation which is being assigned by way of factoring transaction is defined by Article 6.909, part 3, of the Lithuanian Civil Code. It establishes that in the case of factoring, only the payment of outstanding monetary claim releases the original debtor from its obligations towards the supplier. Therefore, while the factored amounts are still unpaid and remain on the Group's statement of financial position, the Group is not legally released from its obligations towards the original suppliers, even if they have transferred those amounts to a Factor (third party) by way of factoring transaction. Based on the above, the Group continues recognising liabilities until it is unconditionally and legally released from obligations towards the original suppliers.

The Group presents liabilities that are part of a reverse factoring arrangement as part of trade payables only when those liabilities have a similar nature and function to trade payables. However, these liabilities are presented separately when the size, nature or function of those liabilities makes separate presentation relevant to an understanding of the Group's financial position. In assessing whether it is required to present such liabilities separately, the Group considers the amounts, nature and timing of those liabilities. As of 31 December 2024 and 2023 the Group's liabilities under supplier financing arrangements are presented within trade and other payables (Note 18). As the supplier financing arrangement is closely related to operating purchasing activities of the Group, the Group presents cash outflows to settle the liability as arising from operating activities in its consolidated statement of cash flows.

Determination of discount rate for discounting of lease payments

At the commencement date of the lease contract, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. In 2024, the Group estimated interest rates implicit in the lease using the following inputs provided by the independent valuers for each specific lease contract:

- estimated property yield at the lease commencement and at the end of the lease;
- an estimate of lessor's initial direct costs (incremental costs of obtaining a lease that would not have been incurred if the lease had not been obtained);
- an estimate of property purchaser's costs.

Electronic payments

Cash and cash equivalents includes credit card and debit card payments made by customers in stores. Customers have no ability to withdraw, stop or cancel payment once the payment is made. Electronic payments are normally received during 1-2 days. Electronic payments are classified as cash equivalent because they are received during short period, are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

3.2. Key sources of estimation uncertainty

The preparation of financial statements in conformity with International Financial Reporting Standards as adopted by the EU requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

The estimates and underlining assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, as well as in the future periods if the revision affects future periods.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Impairment of goodwill

The Group conducts an impairment test annually to assess whether goodwill has suffered any impairment. In this assessment, the Group compares the carrying amount of the cash-generating unit groups to which goodwill is allocated (see Note 9) with their recoverable amounts, determined using the value in use approach. The value in use is calculated from cash flow projections for five years using data from the Group's internal forecasts as well as the terminal value estimate. The key assumptions for the value in use calculations are discount rates, growth rates used to extrapolate cash flow projections beyond the period of five years, revenue growth rates and EBITDA (for the definition of EBITDA see Note 4) margins.

Cash flow projections are based on the Group's subsidiaries' next year budgets followed by an extrapolation of expected cash flows for the next five years using growth rates that are determined by management based on available external macroeconomic and retail market growth forecasts. Growth rates are further adjusted to incorporate impact of planned material reconstructions or openings of new stores. Annual average revenue growth rates used for cash flow extrapolation range from 1.8 percent to 2.6 percent (2023: from 1.8 percent to 3.9 percent).

EBITDA margins are based on the Group's subsidiaries' next year budgets followed by stable or gradually improving EBITDA margins for the next five years, where margin improvements are projected due to increased economies of scale or execution of certain known enhancements of operational efficiency. EBITDA margin increases over the forecasted five-year period beyond the next year range from 0.3 to 2.8 percentage points (2023: from 0.3 to 1.2 percentage points).

Management estimates discount rates using rates that reflect current market assessment of the time value of money and the risks specific to the cash-generating units. The post-tax discount rates ranged from 6.5 to 9.6 percent (2023: 7.5 – 10.5 percent) and terminal growth rate was from 1.0 to 1.5 percent (2023: 1.0 – 1.5 percent). These discount rates are derived from the Group's post-tax weighted average cost of capital as adjusted for the specific risks relating to each geographical region. Changes in revenue and costs, and, consequently, EBITDA, are based on historical trends and expectations of future developments in the markets the Group operates. The increase in discount rates by 0.5 percentage points and decrease in terminal growth rates by 0.5 percentage points would not result in goodwill impairment. More information about goodwill is disclosed in Note 9. Pre-tax discount rates were in the range from 7.1 to 10.0 percent (2023: 7.7 to 10.6 percent).

Impairment of property, plant and equipment, intangible assets and right-of-use assets

For the purposes of assessing impairment, the Group's property, plant and equipment, intangible assets and right-of-use assets are grouped and evaluated for impairment at the cash generating unit level. Within the Group, individual

retail stores are identified as cash generating units, as they generate independent cash inflows and are separately monitored and assessed by management. Costs and assets that cannot be directly attributed to stores, e.g. related to warehouses, administration, marketing activities, etc. are allocated to stores based on store revenue. Due to the Group's operational model, where e-commerce orders are picked and distributed from specific retail stores rather than separate distribution centers, e-commerce revenue is directly linked to the respective store. As a result, e-commerce revenue is included in the cash inflows of the corresponding retail store.

The Group considers both qualitative and quantitative factors when determining whether a cash generating unit may be impaired. An indication of impairment is identified when the cash generating unit's revenue or profitability for the financial period falls significantly below the benchmarks determined by the management, based on historical retail chain performance and industry averages. The circumstances leading to impairment indication include the decrease in store customer traffic, openings of competitors' stores in proximity or an increase in operational costs related to a particular store. Conversely, impairment reversal is considered when the store's profitability improves following management's actions to enhance store operations or favourable market conditions, provided that such improvement is expected to be sustained in the future financial periods.

An impairment is recognised when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flow model does not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Recoverable amounts for cash-generating units are based on value in use, which is calculated from cash flow projections for five years using data from the Group's latest internal forecasts as well as the terminal value estimate. The key assumptions for the value in use calculations are discount rates, revenue growth rates, EBITDA margins and expected future cash inflows. Cash flow projections are based on the Group's subsidiaries' next year budgets followed by an extrapolation of expected cash flows for the next five years using growth rates that are determined by management based on available external macroeconomic and retail market growth forecasts. The terminal growth rate is in line with average retail market growth trends. Management estimates discount rates using post-tax rates that reflect the current market assessment of the time value of money and the risks specific to the cash-generating units. Post-tax discount rates are used to discount post-tax estimated cash flows. Post-tax rates do not include adjustments related to Pillar Two. Management estimates that Pillar Two implementation will not have material effect on post-tax cash flows as Group's effective tax rate in 2024 is 15%.

The post-tax discount rates used to calculate value in use range from 6.5 to 9.6 percent (2023: 7.5 to 10.5 percent), annual average revenue growth rates used for cash flow extrapolation range from 1.8 to 2.6 percent (2023: 1.8 to 3.9 percent), and terminal growth rates range from 1.0 to 1.5 percent (2023: 1.0 to 1.5 percent) depending on the specific country conditions in which each store operates. Pre-tax discount rates were in the range from 7.1 to 10.0 percent (2023: 7.7 to 10.6 percent).

Impairment charge and reversal amounts are disclosed in Notes 5, 6, and 8.

4. Segment information

The Group's Board is the Chief Operating Decision Maker in the Group. Segments are defined based on how the Board monitors operating results of the separate Group's business units for the purpose of making decisions about resource allocation and performance assessment. The Group's operations are organised and monitored by the Board by two segments, i.e. retail operations and real estate management. Retail operations are further examined by the Board from the geographical perspective.

- Retail segment consists of the Group's retail operations in Lithuania, Latvia, Estonia, Poland and Bulgaria and e-commerce operations.
- Real estate segment leases commercial premises to the customers within the Group and externally.

Segment performance is evaluated based on revenue, cost of sales, EBITDA and net profit. EBITDA is non-IFRS measure. EBITDA is calculated by adjusting net profit by income tax expenses, depreciation and amortisation, finance income and costs, impairment of property, plant and equipment, investment properties, intangible assets and right-of-use assets, and profit from disposal of subsidiaries. The Board does not analyse assets and liabilities by segments. Accounting policies used for segments are the same as the accounting policies used in the preparation of the consolidated financial statements. Inter-segment transactions are eliminated upon consolidation and are reflected in the "Consolidation adjustments" column in the segment information below.

In column "Other" in the segment information below are included results of wholesale, IT services, corporate headquarters and other intermediary holdings in the Group.

	2024						
	Retail						
	Lithuania	Latvia	Estonia	Poland	Bulgaria	E-commerce	
Revenue	2 208 938	1 101 195	598 702	1 889 714	293 553	38 040	6 130 142
<i>incl. external customers</i>	2 202 507	1 100 847	598 585	1 885 961	293 517	8 103	6 089 520
<i>incl. inter-segment</i>	6 431	348	117	3 753	36	29 937	40 622
Cost of sales	2 020 556	1 005 692	560 424	1 852 513	272 836	35 916	5 747 937
EBITDA	204 282	100 732	36 918	99 428	18 447	(15 704)	444 103
Interest expenses	25 775	5 898	5 357	34 869	4 043	514	76 456
Depreciation and amortisation	86 132	43 174	25 159	93 835	16 378	1 139	265 817
Net profit (loss)	123 930	50 775	7 294	(31 741)	(1 247)	(21 946)	127 065
	2024						
	Total retail	Real estate	Total reported segments	Other	Consolidation adjustments	Total	
Revenue	6 130 142	84 995	6 215 137	247 930	(365 296)	6 097 771	
<i>incl. external customers</i>	6 089 520	6 760	6 096 280	1 491	-	6 097 771	
<i>incl. inter-segment</i>	40 622	78 235	118 857	246 439	(365 296)	-	
Cost of sales	5 747 936	21 501	5 769 437	203 077	(327 040)	5 645 474	
EBITDA	444 103	79 849	523 952	14 477	(82 873)	455 556	
Interest expenses	76 456	12 023	88 479	21 695	(32 998)	77 176	
Depreciation and amortisation	265 817	22 798	288 615	4 040	(81 940)	210 715	
Net profit (loss)	127 065	46 100	173 165	114 365	(151 791)	135 739	

	2023						
	Retail						
	Lithuania	Latvia	Estonia	Poland	Bulgaria	E-commerce	Total retail
Revenue	2 142 619	1 073 396	593 329	1 739 017	275 026	60 554	5 883 941
<i>incl. external customers</i>	2 135 938	1 073 176	593 224	1 725 164	275 025	31 303	5 833 830
<i>incl. inter-segment</i>	6 681	219	105	13 853	1	29 251	50 110
Cost of sales	1 945 060	974 220	553 124	1 655 108	229 839	61 878	5 419 229
EBITDA	207 719	100 698	40 360	116 269	18 568	(17 784)	465 830
Interest expenses	20 681	4 864	5 170	24 983	3 806	1 309	60 813
Depreciation and amortisation	80 791	38 441	24 896	78 672	13 417	3 926	240 143
Net profit (loss)	116 677	56 529	11 710	3 342	708	(50 304)	138 662

2023						
	Total retail	Real estate	Total reported segments	Other	Consolidation adjustments	Total
Revenue	5 883 940	72 122	5 956 062	197 530	(309 054)	5 844 538
<i>incl. external customers</i>	5 833 830	5 441	5 839 271	1 460	3 807	5 844 538
<i>incl. inter-segment</i>	50 110	66 681	116 791	196 070	(312 861)	-
Cost of sales	5 419 229	24 890	5 444 119	159 786	(273 288)	5 330 617
EBITDA	465 830	65 759	531 589	11 232	(63 873)	478 948
Interest expenses	60 812	7 227	68 039	21 158	(24 310)	64 888
Depreciation and amortisation	240 144	28 474	268 618	3 904	(74 740)	197 782
Net profit (loss)	138 662	30 092	168 754	78 770	(62 852)	184 672

Segments' net profit (loss) includes dividends received from directly controlled subsidiaries. During the year ended 31 December 2024 dividends included in the Lithuania segment's net profit (loss) amounted to EUR 37,842 thousand (2023: EUR 20,313 thousand), in Latvia segment's net profit (loss) amounted to EUR 350 thousand (2023: EUR 300 thousand) and in Estonia segment's net profit (loss) amounted to EUR 1,250 thousand (2023: EUR 2,300 thousand).

The Company is domiciled in Lithuania. The amount of the Group's revenue from external customers broken down by countries is shown below:

	2024	2023
Lithuania	2 204 840	2 144 050
Latvia	1 101 904	1 074 003
Estonia	599 488	594 604
Poland	1 898 022	1 756 856
Bulgaria	293 517	275 025
	6 097 771	5 844 538

Non-current assets other than financial instruments and deferred tax assets, broken down by location of assets, are shown below:

	2024	2023
Lithuania	555 722	487 847
Latvia	424 076	426 991
Estonia	181 685	185 160
Poland	723 415	692 715
Bulgaria	103 613	91 445
	1 988 511	1 884 158

A reconciliation of EBITDA to net profit is as follows:

	2024	2023
Net profit	135 739	184 672
Profit tax	26 806	33 490
Finance cost net	68 894	54 827
Depreciation	202 508	190 616
Amortisation	8 209	7 167
Property, plant & equipment and intangible assets write-offs (gain)/losses	1 400	1 814
Property, plant & equipment, intangible assets, right-of-use assets impairment (reversal)	12 000	6 361
EBITDA	455 556	478 947

5. Property, plant and equipment

	Land and buildings	Equipment and other assets	Vehicles	Construction in progress & prepayments	Total
Cost					
At 1 January 2023	951 362	623 434	2 793	31 753	1 609 342
Additions	19 008	58 427	209	90 745	168 389
Disposals and write-offs	(3 502)	(28 626)	(2 303)	(7 428)	(41 859)
Exchange differences	12 424	19 191	203	2 769	34 587
Reclassifications (to) from other assets	2 653	(59)	920	(715)	2 799
Reclassifications	13 043	28 178	-	(41 221)	-
At 31 December 2023	994 988	700 545	1 822	75 903	1 773 258
Additions	31 677	66 898	146	102 707	201 428
Disposals and write-offs	(15 306)	(27 609)	(1 877)	(2 988)	(47 780)
Acquisition of subsidiaries	341	-	-	-	341
Exchange differences	3 861	4 966	72	737	9 636
Reclassifications (to) from other assets	(6 834)	(581)	666	(2 915)	(9 663)
Reclassifications	96 301	29 029	1	(125 332)	-
At 31 December 2024	1 105 028	773 248	831	48 111	1 927 218
Accumulated depreciation and impairment					
At 1 January 2023	473 786	337 934	2 118	5 224	819 062
Depreciation	17 042	57 558	337	-	74 937
Impairment charge (reversal)	(186)	2 518	-	-	2 332
Disposals and write-offs	(1 609)	(26 072)	(2 319)	-	(30 000)
Exchange differences	3 096	8 333	180	-	11 609
Reclassifications (to) from other assets	-	-	898	-	898
At 31 December 2023	492 129	380 271	1 214	5 224	878 838
Depreciation	19 723	62 283	325	-	82 332
Impairment charge (reversal)	2 720	720	-	(6)	3 434
Disposals and write-offs	(1 746)	(24 199)	(1 715)	-	(27 659)
Exchange differences	(3 159)	6 449	44	-	3 334
Reclassifications (to) from other assets	(1 280)	(82)	640	-	(722)
At 31 December 2024	508 388	425 442	508	5 218	939 556
Carrying amount					
At 31 December 2024	596 640	347 806	323	42 893	987 662
At 31 December 2023	502 859	320 274	608	70 679	894 420