

Announcement

Disposal of the ERA Department Stores Business of Ermes Department Stores Plc to Gecom Ltd

The public company Ermes Department Stores Plc (“Ermes”) hereby announces that its Board of Directors has approved the disposal of the business operations of its four ERA department stores, as a going concern, to Gecom Ltd, a company registered under number HE471175, with its registered office at 9 Nicodimou Mylona Street, Nicholson House, 1070 Nicosia (the “Buyer”). The disposal is subject to the approval of the Cyprus Commission for the Protection of Competition and the fulfillment of certain additional conditions agreed between the parties.

The consideration for the Department Stores business is for the nominal sum of €1.00, based on additional commercial terms as set out below. Specifically, as part of this disposal, Ermes shall transfer to the Buyer its obligations arising from the long-term lease agreements of the Department Stores. At the same time, the Buyer will assume all outstanding obligations related to supplier purchase orders for the Spring/Summer 2025 season, totaling approximately €4.5 million. Furthermore, all employees of the Department Stores will be transferred to the Buyer. The equipment and furnishings of the Department Stores, as well as the UNIQUE customer loyalty program, will also be transferred to the Buyer on an "as is" basis, as at the transaction closing date. Any inventory remaining in the department stores at the closing date of the transaction will be provided to the Buyer on a consignment basis.

Ermes will also provide certain essential services to the Buyer, for an agreed fee, until the end of 2025.

Ermes was incorporated in Cyprus in 2002 and has since been engaged in the retail and wholesale trade in Cyprus through department stores and specialized outlets. The department store business has been loss-making for the Company, recording operating losses amounting to €1.3 million in the year 2024.

Through this disposal, Ermes is released from future obligations, as any attempt to reverse or improve the financial performance of this particular business would require significant investments in infrastructure (renovation and improvement of premises, upgrade of IT systems, etc.) as well as the financing of a substantially increased level of working capital.

In determining the value of the transaction, the Board of Directors of Ermes relied on the aforementioned commercial and financial data and, under the circumstances, deemed the transaction and the consideration to be fair and reasonable. No external advisors or experts were appointed, nor were any related opinions obtained regarding the structuring of the transaction.

This transaction does not involve or affect any interests of any Secretary of the issuer or any “designated person,” as defined under Article 137(3) of the Cyprus Securities and Stock Exchange Laws, Law No. 14(I)/1993 as amended.

Upon completion of the disposal, Ermes will recognize an accounting gain of €1 million, primarily due to the reversal of a related provision recorded in the Company's books in accordance with IFRS 16 – Leases. The transaction is considered fair and beneficial to the Company, as it will positively contribute to the rationalization of its financial position and will be beneficial for CTC Group and its shareholders.

Nicosia, 09/05/2025