TALLINNA KAUBAMAJA GRUPP AS

Consolidated Interim Report for
the Third quarter and first 9 months of 2023
(unaudited)

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COMPANY PROFILE AND CONTACT DETAILS

The primary areas of activity of the companies of Tallinna Kaubamaja Grupp AS (hereinafter referred to as 'Tallinna Kaubamaja Group' or 'the Group') include retail and wholesale trade. Tallinna Kaubamaja Group employs more than 4,800 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 2023
End of financial year:	31 December 2023
Beginning of interim report period:	1 January 2023
End of interim report period:	30 September 2023
Auditor:	PricewaterhouseCoopers AS
Telephone:	372 667 3300
E-mail:	info@tkmgrupp.ee

MANAGEMENT REPORT

Management

In order to manage the Group, the general meeting of the shareholders, held at least once in a year, elects a supervisory board. According to the articles of association, the board comprises of 3 to 6 members. Members of the Group supervisory board are Jüri Käo (chairman of the supervisory board), Enn Kunila, Kristo Anton, Gunnar Kraft and Meelis Milder. Members of the Group supervisory board are elected for three years. The mandates of the current supervisory board members Jüri Käo, Enn Kunila, Meelis Milder and Gunnar Kraft will expire on 20 May 2024 and the mandate of Kristo Anton will expire on 16 March 2026. 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 Tallinna Kaubamaja 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 up to 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 the 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 management of the company is guided by the law, the articles of association, the decisions of the shareholders and the supervisory board meetings and the objectives set. Amendments to the articles of association are made in accordance with the Commercial Code, according to which a resolution to amend the articles of association is adopted if it is approved by at least 2/3 of the votes represented at the general meeting of shareholders. The decision to amend the articles of association enters into force upon its entry in the Commercial Register. The Group has only one class of shares.

Structure of the company

The Group reports its business activities in the five business 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 spare parts for cars, as well as the maintanance and repair.
4. The real estate segment is involved with the development, management and maintenance of the real estate owned by the Group and with renting commercial premises.
5. The principal activity of the security segment is the provision of security solutions.

The following companies belong to the Group as of September 30, 2023:

Supermarket segment	Location	Shareholding as of 30.09.2023	Shareholding as of 31.12.2022
Selver AS	Estonia	100%	100%
Kulinaaria OÜ	Estonia	100%	100%
Department store segment			
Kaubamaja AS	Estonia	100%	100%
TKM Finants AS	Estonia	100%	100%
TKM Beauty OÜ	Estonia	100%	100%
TKM Beauty Eesti OÜ	Estonia	100%	100%
Rävala Parkla AS	Estonia	50%	50%

Car trade segment	Location	Shareholding as of 30.06.2023	Shareholding as of 31.12.2022
TKM Auto OÜ	Estonia	100%	100%
KIA Auto AS	Estonia	100%	100%
Viking Motors AS	Estonia	100%	100%
Forum Auto SIA	Latvia	100%	100%
Verte Auto SIA	Latvia	100%	100%
UAB Motus auto	Lithuania	100%	100%
Security segment			
Viking Security AS	Estonia	100%	100%
Walde AS	Estonia	100%	0%
Skarabeus Julgestusteenistus OÜ	Estonia	100%	0%
Caesari Turvateenistuse AS	Estonia	100%	0%
Real estate segment			
TKM Kinnisvara AS	Estonia	100%	100%
TKM Kinnisvara Tartu OÜ	Estonia	100%	100%
TKM Latvija SIA	Latvia	100%	100%
TKM Lietuva UAB	Lithuania	100%	100%

Change in structure

Viking Security AS, a subsidiary of Tallinna Kaubamaja Grupp, acquired 100% of the shares of Skarabeus Julgestusteenistus OÜ on 13 July 2023 and 100% of the shares of Caesari Turvateenistuse Aktsiaselts on 16 August 2023. The acquisition of these holdings enables Viking Security to strengthen its business activities in all areas. The acquisition of the two security companies provides positive synergy through the combination of strong industry know-how, increased operational capacity, and cost efficiency. Both transactions create an opportunity to continue the successful growth of the security segment of the Group and develop new services.

In the interests of increasing efficiency, it is planned to combine the activities of the security companies belonging to the Group, which will be carried out through a merger in which Viking Security AS (the acquiring company) will incorporate both Skarabeus Julgestusteenistus OÜ and Caesari Turvateenistuse Aktsiaselts (the companies being acquired). The merger will probably be registered in the commercial register in December 2023. Walde AS, a security equipment wholesale subsidiary acquired by Viking Security AS at the beginning of this year, will continue as a separate company.

Share market

Since 19 August 1997, the shares of the Group have been listed in the main list of securities of the Nasdaq Baltic. Today, the Group is the oldest listed company in the Baltics. The Group has issued 40,729,200 registered shares of a single class, 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 a direct substantial shareholding. Shares granting special rights to their owners have not been issued.

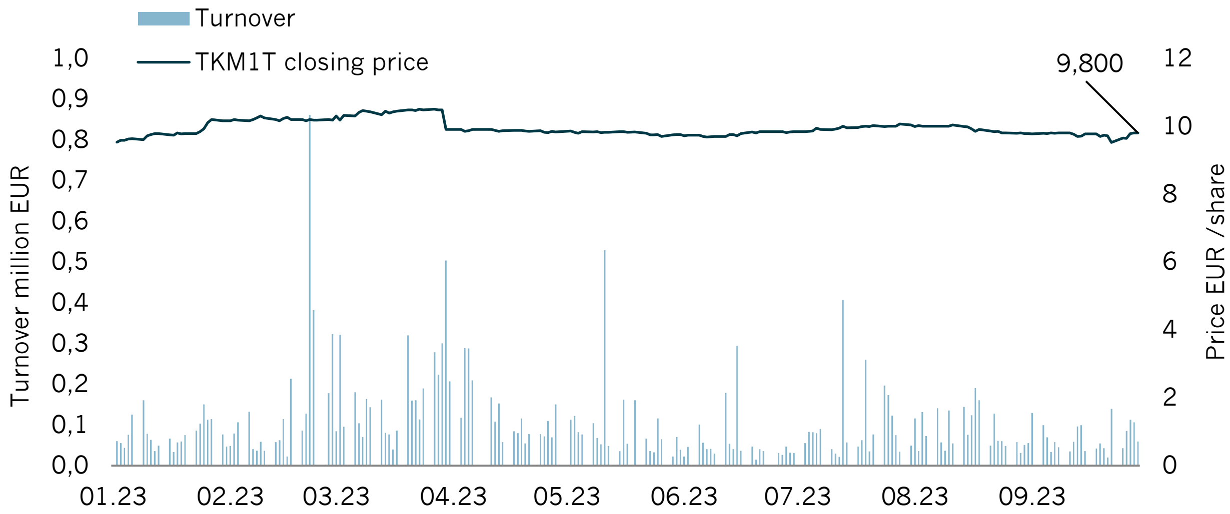
The members of the management board of the Group have no right to issue or buy back shares. In addition, there are no commitments between the company and its employees providing for compensation in mergers and acquisitions under article 19’ of Stock Market Trade Act.

The share, which cost 9.37 euros at the end of 2022, closed at 9.8 euros at the end of September 2023, up 4.6% in nine months.

According to the notice of the convening of the General Meeting of Shareholders published on 21 February 2023, the company's management proposed to pay a dividend of 0.68 euros per share to shareholders. The proposal was unanimously approved by the general meeting.

Share price and trading statistics on the Nasdaq Baltic from 01.01.2023 to 30.09.2023.

In euros



SHARE	Q3/23	Q3/22	9M/23	9M/22
Average number of shares (1000 pcs)	40,729.2	40,729.2	40,729.2	40,729.2
Equity capital per share (EUR/share)	5.86	5.67	5.86	5.67
Share's closing price (EUR/share)	9.80	9.67	9.80	9.67
Earnings per share (EUR)	0.27	0.19	0.60	0.46

Risks

The current year was affected by the multi-crisis of 2022 with geopolitical threats, rapid broad-based inflation, and sharply increased base interest rates. In the fourth quarter of 2022, the Group assessed as a new added risk that the economy-cooling effect of the interest rate hikes of central banks would reach Estonia with its open economy first, triggering an economic recession. The latest economic assessments have confirmed the realisation of this risk. At the time of preparing the report, the depth and duration of the economic recession was not yet clear, but the Group has prepared for possible consequences by increasing its liquidity and increasing the flexibility of business processes. Daily signs of the economic recession in the stores of the Group include the growing share of discounted products and promotional items in the shopping carts of customers and the increasing volume of thefts of ordinary goods. The stores are monitored by the Group's professional security company Viking Security, which has long experience in the retail trade and uses modern video surveillance technology and know-how for the prevention and early detection of thefts.

Just before the report was published, the Government of the Republic of Estonia's plan for introducing a car tax was revealed. This tax is expected to impact the economic activities of Estonian companies in the Group's car segment. The Group will further evaluate the exact extent of this impact.

Sustainable business

Collecting sustainability information is important for understanding the Group-wide impact from both ESG (Environmental, Social and Governance) and business perspectives. In order to improve the quality of data and automate data collection, a group-wide ESG platform is being created, which will enable the improvement of the current data collection system, simplify the analysis of ESG impacts and the monitoring of the fulfilment of goals, and ensure data transparency. The ESG platform will be an important tool for analysing sustainability data and it allows better integration of both sustainability and financial activities. The implementation of the ESG platform is estimated to take place within the next two years.Selver moved forward in accordance with the renovation plan, and in September, the renovated and technologically improved Delice store was opened in Solaris Centre, while the replacement of cooling systems based on F-gases continued in other stores. The difference in emissions between a cooling system based on carbon dioxide and a cooling system operating on

F-gases is more than three thousand times in favour of the positive effect of carbon dioxide. In September, Selver launched a campaign in which people are invited to use their own boxes and cups for buying food and hot drinks. By enabling people to consume food and drink from reusable containers, it is possible to reduce the use of single-use plastic, which is important to combat environmental pollution and overuse of resources.

For Kulinaaria, a subsidiary of Selver, which is responsible for the products of Selveri Köök, sustainability is important – sustainable development goals are taken into account in production, packaging, employee well-being, and the supply chain. The carbon footprint of Kulinaaria has decreased by 81% over six years thanks to environmentally friendly solutions and more resource-efficient production (impact area 1 and 2). In 2022, the footprint was significantly reduced thanks to the adoption of green electricity. In addition to existing efforts, we are updating our sustainability strategy to adopt even more ambitious climate goals and focus to the areas where the impact is greatest. The use of plastic has been significantly reduced over the past year. In terms of salad boxes, we have completely switched to the use of recycled materials. Today, more than 80% of all boxes and cups of Kulinaaria have become recyclable.

This summer, employees of the Kaubamaja department store had the opportunity to try out and book modern cargo bikes for everyday activities. A cargo bike is a convenient and smart means of transport that allows you to move quickly, avoiding traffic jams in the heart of the city while transporting family members or items. Employees who come to work with personal bikes can use a convenient and safe bike parking station in the Rävala car park.

As part of the empty packaging recall campaign launched by I.L.U., nearly 500 packages have been collected from customers. The aim of the campaign was to increase the circulation of packaging and draw attention to the fact that the packaging of cosmetic products should end up in packaging containers, not as household waste, where the circulation cycle of the product is interrupted due to product incineration. To promote sorting, customers who returned their packages received 50 bonus points for their Partner Card.

Economic environment

In spite of the significantly slowed inflation in the second quarter of 2023, the general economic situation did not improve. The economy fell for the third quarter in a row – in the second quarter, the economy fell by 2.9%. According to Statistics Estonia, the added value of most areas of activity decreased, as well as the tax receipt adjusted for price changes. However, the recession in the second quarter was slightly slower than in previous quarters. Surprisingly, trade made the biggest positive contribution to the economy, although retail trade volumes have been declining for the past twelve months and private consumption has declined for four consecutive quarters. The transportation and storage sector showed the largest decline. Energy and construction also had a significant negative effect. According to Eesti Pank, the economy may decline by 2.2% in 2023 as a whole. The increase in prices has started to slow down thanks to the drop in energy prices. Prices in Estonia increased by 10.9% in the first nine months. The biggest slowdown in price growth occurred in the third quarter, when prices increased by an average of 5.1%. However, prices related to housing fell by 6.1%. The prices of food and non-alcoholic beverages rose by 13.3% and the prices of clothing and footwear increased by 11.1% in the third quarter. According to the estimations of Eesti Pank, average inflation in 2023 will be nearly 9.4%. Employment in Estonia is high and therefore, Estonian employers have to take into account the rapid growth of wage costs. In comparison with the second quarter of the previous year, the average monthly gross wages increased by 12.4%, reaching 1,873 euros in the second quarter. As consumer prices rose by 11.3% at the same time, the purchasing power of the average wage has started to gradually improve and, according to analysts, consumption will also gradually increase. Against the backdrop of high employment and structural labour shortages, analysts predict continued wage growth. According to Eesti Pank, wages will rise by an estimated 11.5% in 2023.

According to Statistics Estonia, the sales revenue of trading companies in Estonia increased by 5.9% in current prices (supported by price increases) in the first eight months of 2023. The sale of motor vehicles, their parts, and accessories had the largest increase in sales revenue (20.2%). Sales revenue in non-specialised stores (primarily foodstuffs) grew by 11.1% in total in the first eight months of the year. The biggest drop in the eight-month period occurred in retail sales in other specialised stores (–11.1%). According to the Association of Estonian Car Dealers and Service Companies, the registration of new passenger cars in the first eight months of 2023 in Estonia increased by 9.4%. The sales revenue of the wholesale and retail sale and repair segment of motor vehicles and motorcycles has increased by 19.5% in the first eight months of 2023 according to Statistics Estonia, indicating an increase in prices and a higher demand for used cars. The Estonian consumer confidence indicator is low, but has not deteriorated significantly in recent months, remaining at the average level of the last twelve months in September.

The interest rate environment also affects the economic activities of the Group. According to analysts, the European Central Bank may increase the interest rate on the fixed deposit option up to 4.0%, but it is estimated that such rates should not last very long. The first interest rate cut is expected in the spring of

2024 due to slowing inflation and a weak economy.

Economic results

Financial ratios

In million EUR	Q3/23	Q3/22	*Change %*	9M/23	9M/22	*Change %*
Revenue	**234.1**	**216.5**	*8.2%*	**694.7**	**628.4**	10.5%
Selver supermarkets	153.5	149.8	*2.4%*	455.2	433.1	5.1%
Department stores	23.9	22.9	*4.1%*	75.6	71.4	5.9%
Car trade	51.1	39.8	*28.4%*	148.6	112.4	32.3%
Security	4.0	2.4	68.0%	10.4	6.9	49.9%
Real estate	1.7	1.6	7.8%	4.9	4.6	6.5%
Gross profit margin%	*27.18%*	*27.08%*	0.4%	*27.23%*	*27.17%*	0.2%
EBITDA	**24.0**	**18.7**	27.8%	**67.0**	**56.0**	*19.5%*
Selver supermarkets	9.7	5.5	*76.3%*	22.4	16.6	*35.0%*
Department stores	0.7	0.5	*37.2%*	2.8	2.3	*23.9%*
Car trade	4.2	3.5	*19.6%*	12.9	9.3	*38.7%*
Security	0.2	0.2	*21.8%*	0.5	0.4	*47.6%*
Real estate	3.9	4.1	*-2.7%*	12.6	12.2	*3.5%*
IFRS 16	5.3	5.0	*4.4%*	15.7	15.3	*2.4%*
margin	*10.23%*	*8.66%*	*18.1%*	*9.64%*	*8.91%*	*8.1%*
Operating profit	**13.6**	**9.0**	***51.3%***	**36.3**	**26.8**	***35.3%***
margin	*5.80%*	*4.14%*	*39.9%*	*5.22%*	*4.27%*	*22.4%*
Net profit	**11.2**	**7.8**	***43.6%***	**24.6**	**18.9**	***30.5%***
margin	*4.77%*	*3.59%*	*32.7%*	*3.54%*	*3.00%*	*18.1%*
Earnings per share (EUR)	**0.27**	**0.19**	***43.6%***	**0.60**	**0.46**	***30.5%***

Key ratios	Q3/23	Q3/22	9M/23	9M/22
Return on equity (ROE)	4.8%	3.7%	10.6%	9.0%
Return on assets (ROA)	1.8%	1.3%	3.9%	3.2%
Quick ratio	0.99	0.93	0.99	0.93
Debt ratio	0.63	0.63	0.63	0.63
Inventory turnover (multiplier)	1.76	1.93	5.23	5.61
Sales revenue per employee (in million EUR)	0.049	0.044	0.147	0.134
Average number of employees	4,824	4,875	4,730	4,699

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 third quarter of 2023, the consolidated unaudited sales revenue of the Group was 234.1 million euros, which was 8.2% more than the sales revenue of the same period last year. The sales revenue in the nine months was 694.7 million euros, which was a 10.5% increase in comparison with the result of the first nine months of 2022, when the sales revenue was 628.4 million euros. The consolidated unaudited net profit of the third quarter of 2023 was 11.2 million euros, thus coming close to the result of the same period of 2021, which was less affected by the increase in energy prices, but exceeded the profit of the comparable period of 2022 by 3.4 million euros. The net profit of the Group for the first nine months of 2023 was 24.6 million euros, which was 30.5% higher than the result of the comparable period in the previous year. In the first nine months, the pre-tax profit was 29.9 million euros, increasing by 28.2% compared to the year before. Net profit was affected by the dividend payment, from which 5.3 million euros of income tax was calculated in the first quarter of 2023; 4.5 million euros of income tax was calculated a year before.

In the third quarter of 2023, the Group achieved a strong 8.2% increase in sales revenue thanks to the continued significant sales performance of the car segment, which was supported by higher-volume sales transactions. The security segment also contributed to the high growth rate of sales volume, where the two prominent security companies acquired in the third quarter added synergy and turnover growth. In the supermarket and Kaubamaja department store segments, sales growth is more modest due to changes in consumer behaviour. Growing uncertainty about the future has made customers more cautious and thrifty. Although price growth has slowed down and wage growth is catching up with price increases, food prices have still grown rapidly and exceed the growth rate of wages. The latter affects the sales growth of the supermarket segment the most. The limited physical access to the Tallinna building of Kaubamaja Department Store due to large-scale road construction works in the centre of Tallinn continued to have an inhibiting effect on the result of the Kaubamaja department store segment in the third quarter. The decrease in energy prices has provided an opportunity to restore the profitability of the Group to the level of 2021. The labour costs of the Group increased by 11.0% in the third quarter of 2023, while the number of employees decreased by 1.0%.

In the third quarter, the Group adopted an important strategic decision for the development of the logistics centre. TKM Kinnisvara AS is building a logistics centre with a total area of 17,200 m2 on its property located at 1 Paemurru Street, city of Maardu. In August, TKM Kinnisvara AS and AS Merko Ehitus Eesti signed a construction contract for the construction of the logistics centre with a cost of approximately 20 million euros. The cost of the construction is financed from own funds and a bank loan. The modern energy class A building will be built in accordance with the requirements of the BREEAM certificate. The logistics centre will primarily serve the cargo volumes of Selver; its completion is scheduled for the autumn 2024. The establishment of the logistics centre will add new business opportunities for the companies of TKM Group and increase the efficiency of work processes. Logistics cooperation between Selver and AS Balbiino, which is a company of the NG Investeeringud OÜ Group, which has a significant holding in the Group, will continue in the new logistics centre. NG Logistics OÜ, a subsidiary of AS Balbiino, will be responsible for the day-to-day operation of the logistics centre. The operation of the logistics centre by NG Logistics OÜ is not a significant or unusual transaction in the sense of the regulations of the Nasdaq Tallinn Stock Exchange. The exact terms and conditions of the transactions concerning the operation of the logistics centre will be agreed upon in 2024 in accordance with market conditions and the transfer pricing regulation.

In the third quarter, the Group's security segment enhanced its market position and future prospects with the acquisition of two prominent security companies. The first, Skarabeus Julgestusteenustus OÜ, is a pan-Estonian firm with branches in Tallinn, Tartu, Pärnu, and Central Estonia. It offers manned security, patrol, and technical security services. In 2022, the company had a revenue of 3.1 million euros and employed 168 people. The second, Caesari Turvateenistuse AS, is among Estonia's oldest security companies, having operated since 1994. Serving primarily Harju County, it provides manned security, patrol, and technical security services and oversees the construction and maintenance of security systems. Its 2022 revenue stood at 727 thousand euros with 31 employees.

In August, the supermarket segment opened its 73rd store with a sales area of 3,700 m^2 in Kurna Park. In the construction of Kurna Selver, materials that turned out to be unnecessary in other stores were used as much as possible. LED technology was introduced throughout the store, and the selection of technology was based on environmentally friendly solutions. In September, the supermarket segment opened a fully renovated Delice store with a completely new premium brand and concept at Solaris Centre in the heart of Tallinn. In the Kaubamaja department store segment, development work on the e-shop platform continued. The renovated I.L.U. cosmetics store of Kristiine Centre, which was transferred to a new concept, was opened in the third quarter. The development of the functionalities of the Partner Card loyalty programme for the retail segments has continued. In the third quarter, the convenience functionalities of the Partner application were improved and the ‘pay later’ payment solutions were further developed, which are planned to be made available to customers in the last quarter of the year.

Earlier in the reporting year, development work took place, during which the largest store in the supermarket segment in Järve, Tallinn, was closed for renovation works for nearly two months in the second quarter. Reopened at the end of May, the renovated Järve Selver has been well received by customers. In the first quarter, the supermarket segment renovated the Ringtee Selver in Tartu and the Ülemiste I.L.U. store was renovated under a new concept, while the sales area was increased by almost half to 460 square metres. The NYX make-up shop-in-shop with a separate entrance was opened in the Ülemiste I.L.U. cosmetics store. In the real estate segment, the solar park built on the roof of Viimsi Centre was completed in the second quarter. In January, WOW Selver in Saare County, which did not meet expectations, was closed and Punane Selver in Lasnamäe, Tallinn, was closed in May.

As at 30 September 2023, the volume of assets of the group was 636.8 million euros – a decrease of 0.2% compared to the results at the end of 2022 without the impact of IFRS 16.

At the end of the reporting period, the number of loyal customers was more than 717 thousand, which is 1.9% more than the year before. The proportion of loyal customers in the turnover of the group was 84.8% (during the first nine months of 2022, it was 83.9%). The Partner Card application launched a year ago had been used by more than 176 thousand customers by the end of the quarter, which is about 24% of all customers who have a Partner Card. The application allows customers to conveniently use their personal phone as a scanner and as a payment solution. More than 12 thousand new loyal customers have registered their first Partner Card directly from the application. About 13% of the users of all Selver self-service cash registers use a phone instead of a regular scanner, and the most active users of the application are those aged up to 24. At the end of the third quarter, we added the possibility of creating and sharing shopping lists, and customers can now see their personal Selver special offers directly from their phone.

Selver supermarkets

The consolidated sales revenue of the supermarket business segment in the nine months of 2023 was 455.2 million euros, increasing by 5.1% compared to the previous year. The consolidated sales revenue was 153.5 million euros in the third quarter, increasing by 2.4% in comparison with the same period of last year. In the first nine months and during the third quarter of 2023, the average sales revenue per square metre of selling space was 0.43 thousand euros per month, which is 5.3% and 1.7% higher, respectively, than during the same periods last year. From the point of view of comparable stores, the revenue from the sale of goods per square metre of selling space was 0.44 thousand euros in the first nine months of the year and in the third quarter, increasing by 6.7% and 3.1%, respectively, compared to the reference period. In the first nine months of 2023, 33.1 million purchases were made from the stores, which was 1.8% more than in the reference year.

In the third quarter of 2023, both pre-tax profit and net profit were 6.2 million euros, which was 3.7 million euros more than in the reference period. The consolidated pre-tax profit of the supermarket segment in the first nine months of 2023 was 12.6 million euros, increasing by 4.6 million euros in comparison with the previous year. The net profit in the first nine months was 11.4 million euros – an increase of 5.6 million euros compared to the previous year. The difference between net profit and profit before income tax is due to the income tax paid on dividends – this year, the income tax on dividends was 1 million euros less than the year before.

The financial results of the first nine months of 2023 were affected by the increased turnover from the opening of the Priisle and Tabasalu Selvers in Tallinn in 2022 and the Kurna Selver in August 2023, and the lost turnover from the closure of the WOW Selver in Saare County and Punane Selver in Tallinn. Sales revenue has been affected by the suspension of sales due to renovation works at Ringtee Selver in Tartu and Järve Selver (the largest Selver store in Tallinn) and Delice Solaris in Tallinn. All the projects listed above have also involved in one-time costs and investments. The results of the supermarket segment continue to be affected by accelerated inflation and a decrease in consumer confidence. During 2023, the price increase has slowed down, but the price level of products and services is still high. The significant increase in the price of food products has forced customers to change their shopping habits, increased interest in campaign products, and reduced the volume sales of goods below the level of last year. The warm weather had a positive effect on the sale of seasonal goods in June and August, while the demand for industrial goods that are not essential on a daily basis is more modest. The growth of e-commerce sales slowed somewhat in the third quarter, but remained faster than the growth of retail sales. Electricity expenses have decreased compared to last year, which has made it possible to improve the profit position. The growth of labour costs in the first nine months has been faster than the growth of sales revenue in the supermarket segment (9%). The faster increase in wage costs is due to the general pressure to increase wages and partly due to the temporary closure of stores for renovation, where sales were suspended. Possibilities have been sought to increase the efficiency of work processes by reducing working hours and thereby increasing employee wages.

The rapid decline in the production volume of Kulinaaria OÜ, which belongs to the supermarket segment, which started in the second half of last year, slowed down in the second quarter, but returned to a slow decline again at the end of the third quarter. The ready-made party dishes category is the most affected. The central kitchen continues with daily consistent product development as the expectations of customers for new products have increased. In the third quarter, we launched new products in every category. The products were very well received by the customers. Sustainability is important in the central kitchen – sustainable development goals are taken into account in production, packaging, employee well-being, and the supply chain. Thanks to environmentally friendly solutions and more resource-efficient production, the footprint of Selveri Köök has decreased by approximately 80% in 6 years. In 2022, the footprint was significantly reduced thanks to the adoption of green electricity. When it comes to packaging, Kulinaaria OÜ has completely switched to salad boxes made of 100% recycled material, which ensure food safety and hygiene. In addition, their production requires less plastic.

Selver opened one new store this year – Kurna Selver in Harju County in August. Three stores have been renovated: Ringtee Selver in Tartu was reopened in February; in May, the largest store of the Selver chain – Järve Selver – was reopened in Tallinn; and in September, the Delice Solaris store was opened with a renewed concept. In the first quarter, 14 Selver stores started issuing identity documents issued by the Police and Border Guard Board. By the end of the third quarter, this number had reached 41. It is planned to further increase the number of stores issuing identity documents this year. Issuing ID cards and passports earned us the title of the best cooperation project of the 2023 Trade Act of the Year.

As at the end of March, the supermarket segment includes 71 Selver stores, 2 Delice stores, and the mobile store and café, with a total sales area of 120.3 thousand m^2, as well as e-Selver, which is the e-shop with the largest service area in Estonia, and the central kitchen Kulinaaria OÜ.

<u>Department stores</u>

The sales revenue of the business segment of the Kaubamaja department store in the first nine months of 2023 was 75.6 million euros, exceeding the sales of the same period last year by 5.9%. The sales revenue of the third quarter was 23.9 million euros, which was 4.1% better than last year. The pre-tax profit of the Kaubamaja department stores segment in the first nine months of 2023 was 0.2 million euros. The pre-tax loss of the third quarter was 0.4 million euros, which increased by 0.3 million compared to the same period last year.

The average sales revenue of Kaubamaja department stores per square metre of selling space was 0.3 thousand euros per month in the first nine months – 8% higher than in the same period last year. Last year, the full-scale war that started in Ukraine negatively affected sales in the second half of the first quarter. This spring, however, customer interest was high and the number of visits to stores was much higher than last year. The discount of winter season goods was affected by a warmer-than-average winter in the first six months of the year, which is why the discount percentages were higher this year, but the increased sales volumes compensated for the lower margin and had a positive effect on the result. The results of the second and third quarter were negatively affected by the construction works of the Old City Harbour tram line in the centre of Tallinn, which started at the beginning of April, as a result of which most of the intersections surrounding the Kaubamaja department store were closed by the beginning of July. Pedestrian traffic was also affected. The sales of fashion goods at the beginning of the autumn season were affected by an warmer-than-average September, but the Ilu Aeg campaign at the beginning of September had the best sales figures in years.

In the third quarter of 2023, the sales revenue of OÜ TKM Beauty Eesti, which operates the I.L.U. cosmetics stores, was 2.0 million euros, which is 34.0% more than in the second quarter of 2022. In the third quarter, the profit was 0.1 million euros, which was equivalent to the comparable period in 2022. The sales revenue in the first nine months of 2023 was 5.6 million euros, which is 28.0% more than in the same period of 2022. In the first nine months of 2023, the profit was 0.2 million euros, which was 0.1 million euros more than during the comparable period in 2022. The most important event of the third quarter was the renovation of the I.L.U. cosmetics store in Kristiine Centre under a new concept and its opening in early August. Due to the renovation, there was a one-month business interruption in the store. All stores showed an increase in sales and the number of visitors, but the growth was stronger in renovated stores.

<u>Car trade</u>

The sales revenue of the car trade segment was 148.6 million euros in the first nine months of 2023. The sales revenue increased by 32.3% compared to the sales revenue of the same period last year. The 51.1-million-euro sales revenue of the third quarter was 28.4% higher than the sales revenue in the third quarter of 2022. In the first nine months, a total of 4,842 new vehicles were sold, of which 1,673 were sold in the third quarter. The net revenue of the segment in the first nine months of 2023 was 10.2 million euros, exceeding the profit for the same period of the year before by 2.1 million euros. The pre-tax profit of the segment for the first nine months of 2023 was 11.4 million euros, exceeding the profit for the same period in 2022 by 2.9 million euros. The pre-tax profit of the third quarter of 2023 was 3.6 million euros, which is 12.3% higher than the profit of the same period of the year before.

The continued stable and timely vehicle deliveries of the car brands represented by the Group are behind the outstanding results of the third quarter of 2023. The normalised supply situation has made it possible to ensure good sales, while in the situation of intense competition it has become common to offer discounted prices. Some major sales to fleet customers and car rental companies took place in the third quarter. The Group also achieved success in several public procurements. The fleet sold by the Group has reached a volume that keeps the after-sales services and body repair departments working at full capacity.

The increase in the price of new cars and increased loan interest rates have made private customers especially cautious when making purchase decisions, and they tend to postpone them. On the other hand, the price increase has increased interest in used cars. Interest in electric cars and plug-in hybrids has stabilised.

At the end of 2023, sales of new Škoda vehicles will begin in Vilnius. The new Škoda Superb mid-class sedan and the KIA EV9 electric SUV are expected to hit the market in the near future.

Security segment

The sales revenue of the security segment outside the Group in the first nine months of 2023 was 10.4 million euros, increasing by 49.9% in comparison with the same period of last year. The pre-tax profit of the segment in the first nine months of the year was 0.1 million euros, increasing by 0.05 million euros compared to the same period last year. The sales revenue of the segment outside the Group in the third quarter of 2023 was 4.0 million euros, increasing by 68.0% compared to the same period last year. The pre-tax profit of the third quarter of 2023 was 0.03 million euros, which is 0.03 million euros less than the profit of the same period of the year before.

The third-quarter results of the segment were as expected. Several important contracts were concluded, for example with the Art Museum of Estonia, where the security segment company Viking Security AS will start providing security services from March next year. The biggest negative impact is still the risk of payment difficulties for customers and partners.

In the third quarter, two strong Estonian security companies were added to the security segment through acquisition: Skarabeus Julgestusteenistus OÜ, whose 2022 revenue was 3.1 million euros, and Caesari Turvateenistuse AS, whose 2022 revenue was 0.7 million euros. The acquired companies are planned to be merged with Viking Security AS by the end of 2023. The acquisition of the two companies will strengthen the business activities of all areas through the combination of strong industry know-how, increased operational capacity, and cost efficiency.

Real estate

The sales revenue earned in the real estate segment outside the Group was 4.9 million euros in the first nine months of 2023. Sales revenue increased by 6.5% compared to the same period last year. The sales revenue of the segment outside the Group in the third quarter was 1.7 million euros. Sales revenue increased by 7.8% compared to the previous year. The pre-tax profit of the real estate segment in the first nine months of 2023 was 7.6 million euros, with the profit decreasing by 6.0%. The pre-tax profit of the segment in the third quarter was 2.2 million euros. Pre-tax profit decreased by 19.7% in the reference period.

Despite the deepening uncertainty in the economy, the number of visitors to the shopping centres belonging to the segment showed growth. The number of visitors to shopping areas in the centre of Tallinn decreased due to street reconstruction and road closures taking place in the surrounding area. The sales revenue growth of the segment was positively impacted by the high occupancy of retail spaces in both Estonia and Latvia. In May, the car wash completed as an extension of the gas station in Peetri at 1 Raudkivi Road leased to a party outside the Group started operations. In June, the Viimsi Centre solar park was completed, which covers part of the energy needs of the rental premises of the centre and contributed to the increase in sales revenue of the real estate segment.

The decline in the profit of the segment is attributable to the increase in the cost of loan money due to the increase in interest rates in the euro area intended by the European Central Bank to tighten monetary policy, as the majority of the loan portfolio of the Group is concentrated in the real estate segment. The interest expense has multiplied compared to the reference base of a year ago.

In companies in the real estate segment, sustainability plays an important role: attention is constantly paid to improving the energy efficiency of buildings and developing more resource-efficient and environmentally friendly solutions. The extension of the Saku Selver parking lot was completed in September, which increases the convenience of customers visiting the store.

In the third quarter, TKM Kinnisvara AS started developing a logistics centre in Maardu for the needs of the Group. The total area of the centre is 17,200 m^2 and the construction will cost approximately 20 million euros. The construction of the logistics centre is financed from the Group's own funds and a bank loan. A solar energy park will be built on the roof of the logistics centre, the energy production of which will cover a significant part of the building's electricity consumption. Completion of logistics centre is planned for autumn 2024.

Personnel

The average number of employees of the Group in the first nine months of 2023 was 4,730, an increase of 0.7% compared to the same period in 2022. Total staff costs (wage costs and social tax costs) in the first nine months of 2023 were 78.3 million euros, increasing by 13.0% compared to the same period of the previous year. In the third quarter, staff costs increased by 11.0% in comparison with the year before, while the average number of employees decreased by 1.0%. The average wage cost per employee per month increased by 12.5% compared to the average wage in the third quarter of 2022. In nine months, the increase in average wage cost was 12.4%.

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, 11 October 2023

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 Tallinna Kaubamaja Grupp AS condensed consolidated interim financial statements (unaudited) for the period of the third quarter and first 9 months of 2023 as set out on pages 15 - 39.

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. Tallinna Kaubamaja Grupp AS and its subsidiaries are going concerns.

Raul Puusepp
Chairman of the Management Board

Tallinn, 11 October 2023

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros

	Note	30.09.2023	31.12.2022
ASSETS			
Current assets			
Cash and cash equivalents	2	8,744	22,436
Trade and other receivables	3	22,818	27,200
Inventories	5	96,726	89,194
Total current assets		128,288	138,830
Non-current assets			
Long-term receivables and prepayments	8	308	299
Investments in associates	7	1,758	1,722
Investment property	9	64,270	63,623
Property, plant and equipment	10	417,381	420,600
Intangible assets	11	24,802	21,723
Total non-current assets		508,519	507,967
TOTAL ASSETS		636,807	646,797
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings	12	31,427	97,107
Trade and other payables	13	98,614	111,449
Total current liabilities		130,041	208,556
Non-current liabilities			
Borrowings	12	262,305	190,825
Deferred tax liabilities	14	5,299	5,299
Provisions for other liabilities and charges		590	458
Total non-current liabilities		268,194	196,582
TOTAL LIABILITIES		398,235	405,138
Equity			
Share capital	15	16,292	16,292
Statutory reserve capital		2,603	2,603
Revaluation reserve		105,141	106,981
Retained earnings		114,536	115,783
TOTAL EQUITY		238,572	241,659
TOTAL LIABILITIES AND EQUITY		636,807	646,797

The notes presented on pages 20 to 39 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In thousands of euros

	Note	III quarter 2023	III quarter 2022	9 months 2023	9 months 2022
Revenue	16	234,113	216,457	694,661	628,376
Other operating income		326	344	1,186	1,206
Cost of merchandise	5	-170,489	-157,845	-505,471	-457,629
Service expenses	17	-14,195	-17,019	-44,320	-46,033
Staff costs	18	-25,577	-23,046	-78,298	-69,274
Depreciation, amortisation and impairment losses	10,11	-10,379	-9,778	-30,657	-29,199
Other expenses		-222	-142	-805	-629
Operating profit		**13,577**	**8,971**	**36,296**	**26,818**
Finance income		24	1	40	3
Finance costs		-2,495	-1,255	-6,592	-3,646
Finance income on shares of associates accounted for using the equity method	7	56	58	166	160
Profit before tax		**11,162**	**7,775**	**29,910**	**23,335**
Income tax expense	15	0	0	-5,301	-4,480
NET PROFIT FOR THE FINANCIAL YEAR		**11,162**	**7,775**	**24,609**	**18,855**
Other comprehensive income: *Items that will not be subsequently reclassified to profit or loss*					
Other comprehensive income for the financial year		**0**	**0**	**0**	**0**
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**11,162**	**7,775**	**24,609**	**18,855**
Basic and diluted earnings per share (euros)	19	0.27	0.19	0.60	0.46

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

The notes presented on pages 20 to 39 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

In thousands of euros

	Note	9 months 2023	9 months 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit		24,609	18,855
Adjustments:			
Income tax on dividends	*15*	5,299	4,479
Interest expense		6,592	3,646
Interest income		-40	-3
Depreciation, amortisation	*10, 11*	30,477	29,189
Loss on write-off of non-current assets	*10*	180	10
Profit on sale of non-current assets	*10*	-27	-37
Effect of equity method	*7*	-166	-160
Interest paid on lease liabilities	*12*	-2,621	-2,612
Change in inventories		-8,547	-14,671
Change in receivables and prepayments related to operating activities		5,003	-1,513
Change in liabilities and prepayments related to operating activities		-14,235	-16,689
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		46,524	20,494
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	10	-19,635	-9,991
Proceeds from sale of property, plant and equipment	10	304	80
Purchase of investment property	9	-647	-98
Purchase of intangible assets	11	-1,151	-1,151
Business combination	6	-2,328	0
Cash acquired from business combination	6	71	0
Proceeds from government grant	10	0	133
Dividends received	6	130	100
Interest received		40	3
TOTAL CASH FLOWS USED IN INVESTING ACTIVITIES		-23,216	-10,924
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	12	35,473	19,014
Repayments of borrowings	12	-14,329	-14,464
Change in overdraft balance	12	-8,111	10,790
Payments of principal of leases	12	-13,039	-12,678
Dividends paid	15	-27,695	-27,695
Income tax on dividends	15	-5,299	-4,479
Interest paid		-4,000	-1,058
TOTAL CASH FLOWS USED IN FINANCING ACTIVITIES		-37,000	-30,570
TOTAL CASH FLOWS		-13,692	-21,000
Effect of exchange rate changes		0	0
Cash and cash equivalents at the beginning of the period	2	22,436	29,981
Cash and cash equivalents at the end of the period	2	8,744	8,981
Net change in cash and cash equivalents		-13,692	-21,000

The notes presented on pages 20 to 39 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

In thousands of euros

	Share capital	Statutory reserve capital	Revaluation reserve	Retained earnings	Total
Balance as of 31.12.2021	16,292	2,603	109,543	111,432	239,870
Net loss for the reporting period	0	0	0	18,855	18,855
Total comprehensive loss for the reporting period	0	0	0	18,855	18,855
Reclassification of depreciation of revalued land and buildings	0	0	-1,943	1,943	0
Dividends declared	0	0	0	-27,696	-27,696
Total transactions with owners	0	0	0	-27,696	-27,696
Balance as of 30.09.2022	16,292	2,603	107,600	104,534	231,029
Net profit for the reporting period	0	0	0	29,485	29,485
Total comprehensive income for the reporting period	0	0	0	29,485	29,485
Reclassification of depreciation of revalued land and buildings	0	0	-2,562	2,562	0
Dividends declared	0	0	0	-27,696	-27,696
Total transactions with owners	0	0	0	-27,696	-27,696
Balance as of 31.12.2022	16,292	2,603	106,981	115,783	241,659
Net profit for the reporting period	0	0	0	24,609	24,609
Total comprehensive income for the reporting period	0	0	0	24,609	24,609
Reclassification of depreciation of revalued land and buildings	0	0	-1,840	1,840	0
Dividends declared	0	0	0	-27,696	-27,696
Total transactions with owners	0	0	0	-27,696	-27,696
Balance as of 30.09.2023	16,292	2,603	105,141	114,536	238,572

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

The notes presented on pages 20 to 39 form an integral part of these condensed 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

Tallinna Kaubamaja Grupp AS (‘the Company’) and its subsidiaries (jointly ‘Tallinna Kaubamaja Group’ or ‘the Group’) are companies engaged in rendering services related to retail sale and rental activities in Estonia, Latvia and Lithuania. Tallinna Kaubamaja 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 Tallinna Kaubamaja Grupp AS are listed on the NASDAQ Tallinn Stock Exchange. The majority shareholder of Tallinna Kaubamaja 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 Tallinna Kaubamaja Grupp AS.

Basis for Preparation

The Condensed Consolidated Interim Accounts of Tallinna Kaubamaja 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 2022. 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 Tallinna Kaubamaja 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 Tallinna Kaubamaja Group for the third quarter and first 9 months of 2023 gives a true and fair view of the Company’s performance in accordance with the going-concern concept.

This Condensed Consolidated Interim Report has not been audited or otherwise reviewed by auditors.

Note 2. Cash and cash equivalents

in thousands of euros

	30.09.2023	31.12.2022
Cash on hand	996	1,294
Bank accounts	6,102	19,707
Cash in transit	1,646	1,435
Total cash and cash equivalents	8,744	22,436

Note 3. Trade and other receivables

in thousands of euros

	30.09.2023	31.12.2022
Trade receivables (Note 4)	17,979	19,822
Other short-term receivables	892	570
Total financial assets from balance sheet line “Trade and other receivables”	18,871	20,392
Prepayment for goods	2,505	5,250
Other prepaid expenses	1,399	1,510
Prepaid rental expenses	12	10
Prepaid taxes (Note 14)	31	38
Total trade and other receivables	22,818	27,200

Note 4. Trade receivables

in thousands of euros

	30.09.2023	31.12.2022
Trade receivables	15,788	16,509
Allowance for doubtful receivables	-13	-13
Receivables from related parties (Note 20)	418	408
Credit card payments	1,786	2,918
Total trade receivables	17,979	19,822

Note 5. Inventories

in thousands of euros

	30.09.2023	31.12.2022
Goods purchased for resale	95,961	88,460
Tare and materials	765	734
Total inventories	96,726	89,194

The income statement line “Cost of merchandise” includes the allowances and write-off expenses of inventories and inventory stocktaking deficit as follows:

in thousands of euros

	III quarter 2023	III quarter 2022	9 months 2023	9 months 2022
Write-down and write-off of inventories	3,208	3,201	8,960	8,712
Inventory stocktaking deficit	838	638	2,805	1,834
Total materials and consumables used	**4,046**	**3,839**	**11,765**	**10,546**

Aging of inventory and seasonal nature of fashion items is used as basis for write down of inventories.

Note 6. Subsidiaries

Tallinna Kaubamaja Group consists of:

Name	Location	Area of activity	Ownership 30.09.2023	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
UAB Motus auto	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
Skarabeus Julgestusteenistus OÜ	Estonia, Tallinn	Security activities	100%	2023
Caesari Turvateenistuse AS	Estonia, Tallinn	Security activities	100%	2023

Tallinna Kaubamaja Grupp AS performed the intragroup restructuring of two Tallinna Kaubamaja Grupp subsidiaries Selver AS and TKM King AS. The merger decisions of Selver AS (the acquiring company) and TKM King AS (the company being acquired) were adopted on 9 August 2022 and an entry of the merger in the commercial register was made on 26 September 2022.

Pursuant to the merger agreement concluded on 7 July 2022, the legal successor of TKM King AS is Selver AS and, with the entry of the merger in the commercial register, all the assets of TKM King AS were wholly transferred to Selver AS. Due to the merger, TKM King AS was deleted from the commercial register on 26 September 2022. TKM King AS retail stores has been closed by now and TKM King AS existing wholesale business is merged with Selver AS.

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%
Caesari Turvateenistuse AS	Estonia	Security activities	16.08.2023	100%

Tallinna Kaubamaja Grupp AS acquired in 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 Tallinna Kaubamaja Grupp to further strengthen its field of security services, which has been one of the Tallinna Kaubamaja Grupp'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
Cash and cash equivalents	52
Trade receivables	300
Inventories	349
Property, plant and equipment	23
Trademark (Note 11)	153
Liabilities	-132
Total identifiable net assets	**745**
Consideration of ownership interest	745
Paid for ownership interest in cash	596
Payable in future for the ownership interest in cash	149
Cash and cash equivalents in the acquired entity	-52
Net outflow of cash – investing activities	**-544**
Payable in future for the ownership interest in cash	**149**

Trademark 153 thousand euros was acquired (Note 11).

Tallinna Kaubamaja 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
Cash and cash equivalents	6
Trade receivables	275
Other receivables	15
Inventories	25
Property, plant and equipment	371
Goodwill (Note 11)	1,627
Liabilities	-697
Total identifiable net assets	**1,622**
Consideration of ownership interest	1,622
Paid for ownership interest in cash	1,316
Payable in future for the ownership interest in cash	306
Cash and cash equivalents in the acquired entity	-6
Net outflow of cash – investing activities	**-1,616**
Payable in future for the ownership interest in cash	**306**

Goodwill 1,627 thousand euros was acquired (Note 11).

Tallinna Kaubamaja Grupp AS (hereinafter TKM Group) subsidiary Viking Security AS acquires 100% of the shares of Caesari Turvateenistuse Aktsiaselts. 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 merging of the companies increases operational capacity and creates positive synergy, enabling to offer even better services to clients.

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
Cash and cash equivalents	13
Trade receivables	34
Other receivables	3
Inventories	17
Property, plant and equipment	5
Goodwill (Note 11)	553
Liabilities	-140
Total identifiable net assets	**485**
Consideration of ownership interest	485
Paid for ownership interest in cash	415
Payable in future for the ownership interest in cash	70
Cash and cash equivalents in the acquired entity	-13
Net outflow of cash – investing activities	**-472**
Payable in future for the ownership interest in cash	**70**

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) will be merged into Viking Security AS (acquiring company). The merger agreement related to the above-mentioned merger was signed on 26.09.2023. The merger will most likely be registered in the Commercial Registry during 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.

Note 7. Investments in associates

Tallinna Kaubamaja Grupp AS has ownership of 50% (2022: 50%) interest in the entity AS Rävala Parkla which provides the services of a parking house in Tallinn. The investment has been classified as associated company because the other owner has the power to appoint the members of supervisory board.

in thousands of euros

	30.09.2023	31.12.2022
Investment in the associate at the beginning of the year	1,722	1,745
Profit for the reporting period under equity method	166	197
Dividends received	-130	-220
Investment in the associate at the end of the accounting period	**1,758**	**1,722**

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

	30.09.2023	31.12.2022
Current assets	174	76
Non-current assets	3,397	3,425
Current liabilities	56	57
Owner's equity	3,515	3,444

	III quarter 2023	III quarter 2022	9 months 2023	9 months 2022
Revenue	137	135	412	405
Net profit	113	116	308	321

Note 8. Long-term trade and other receivables

in thousands of euros

	30.09.2023	31.12.2022
Prepaid rental expenses	207	198
Deferred tax asset	33	33
Other long-term receivables	68	68
Total long-term trade and other receivables	**308**	**299**

Note 9. Investment property

in thousands of euros

Carrying value as at 31.12.2021	**62,690**
Purchases and improvements	280
Net loss from fair value adjustment	653
Carrying value as at 31.12.2022	**63,623**
Purchases and improvements	647
Carrying value as at 30.09.2023	**64,270**

Investment properties comprise with commercial buildings and constructions in progress in Estonia and Latvia, which the Group maintains predominantly for earning rental income and which are partially classified as investment properties and partially as property, plant and equipment.

The cost of investments for the 9 months of 2023 amounted to 647 thousand euros (2022: 280 thousand euros).

During the reporting period, construction works on the roof of the building for the establishment of a solar energy production park of the Estonian real estate object in the Viimsi centre amounted to 237 thousand euros. Renovation works were carried out in Tartu Kaubamaja centre in the amount of 16 thousand euros. In Rae county, Raudkivi tee 1, opening of car wash amounted to 394 thousand euros.

In 2022, renovation work was carried out for investment property in Estonia, in Tartu Kaubamaja 191 thousand euros and in Viimsi Centre 21 thousand euros. In 2022, renovation work was carried out for investment property in Latvia, Ogre for 68 thousand euros.

No fair value change of investment property was identified in 2023.

Note 10. Property, plant and equipment

in thousands of euros

	Land and buildings	Right-of use-assets: retail properties	Machinery and equip-ment	Other fixtures and fittings	Construc-tion and projects in progress	Total
31.12.2021						
Cost or revalued amount	194,343	221,083	60,362	52,949	31,878	560,615
Accumulated depreciation and impairment	0	-50,464	-34,976	-34,846	-9,066	-129,352
Carrying value	**194,343**	**170,619**	**25,386**	**18,103**	**22,812**	**431,263**
Changes occurred in 2022						
Purchases and improvements	970	0	119	976	12,861	14,926
Addition to right-of use assets	0	5,959	0	0	0	5,959
Reclassification among property, plant and equipment groups	10,052	0	5,969	5,119	-21,140	0
Other reclassifications	0	0	328	0	0	328
Reclassification to intangible assets (Note 11)	0	0	0	0	-218	-218
Reclassification to inventory	0	0	-395	0	0	-395
Reclassification to property, plant and equipment from inventory	0	0	2,386	1	7	2,394
Disposals	0	0	-43	-6	0	-49
Write-offs	-6	0	-24	-25	0	-55
Decrease/increase in value through profit or loss	0	0	0	18	208	226
Adjustment to right-of use assets	0	4,942	0	0	0	4,942
Depreciation	-6,721	-19,384	-6,532	-6,084	0	-38,721
31.12.2022						
Cost or revalued amount	204,394	231,984	66,127	55,761	23,389	581,655
Accumulated depreciation and impairment	-5,756	-69,848	-38,933	-37,659	-8,859	-161,055
Carrying value	**198,638**	**162,136**	**27,194**	**18,102**	**14,530**	**420,600**
Changes occurred in 2023						
Purchases and improvements	4,780	0	6,901	6,154	1,800	19,635
Acquired through business combinations (Note 6)	0	0	270	16	0	286
Addition to right-of use assets	0	215	0	0	0	215
Other reclassifications	0	0	240	0	0	240
Reclassification to intangible assets (Note 11)	0	0	0	0	-1	-1
Reclassification to inventory	0	0	-238	0	0	-238
Reclassification to property, plant and equipment from inventory	0	0	1,637	0	7	1,644
Disposals	-21	0	-251	-5	0	-277
Write-offs	-86	0	-49	-45	0	-180
Adjustment to right-of use assets	0	5,417	0	0	0	5,417
Depreciation	-5,159	-14,577	-5,312	-4,912	0	-29,960
30.09.2023						
Cost or revalued amount	208,687	237,616	72,530	60,639	25,195	604,667
Accumulated depreciation and impairment	-10,535	-84,425	-42,138	-41,329	-8,859	-187,286
Carrying value	**198,152**	**153,191**	**30,392**	**19,310**	**16,336**	**417,381**

The cost of investments for the 9 months of 2023 amounted to 20,786 thousand euros (including purchases of property, plant and equipment in the amount of 19,635 thousand euros and purchases of intangible assets amounted to 1,151 thousand euros).

The cost of purchases of property, plant and equipment made in reporting period in the supermarkets business segment was 16,192 thousand euros. In the reporting period, Ringtee Selver in Tartu, Järve Selver in Tallinn that is offering the largest selection of groceries in Estonia and groceries store Delice in Solarise Centre underwent a thorough renovation. The stores were transferred to Selver's new energy-saving technical systems and new interior design concept. During the reporting period, Selver also opened a new hypermarket adjacent to the IKEA store in Kurna village. During the reporting period, computing equipment was acquired and Selver's store furnishings and equipment were updated.

The cost of purchases of property, plant and equipment in the business segment of department stores amounted to 1,773 thousand euros. During the reporting period, a completely renovated I.L.U. beauty store in Ülemiste centre and in Kristiine centre was opened. Store furnishings and equipment were renewed during the reporting period.

The cost of purchases of property, plant and equipment in the reporting period was 796 thousand euros in the car trade business segment.

The cost of purchases of property, plant and equipment in the reporting period was 288 thousand euros in the security business segment.

The cost of purchases of property, plant and equipment in the real estate business segment amounted to 586 thousand euros. During the reporting period, real estate companies have made investments for more accurate measurement and management of the energy consumption of technical systems. Design work for the new Selver is underway in Tartu.

In 2022, the Group received government grant for assets in the amount of 133 thousand euros. Government grants are recognized on a net basis.

TKM Kinnisvara AS, a subsidiary of Tallinna Kaubamaja Grupp AS, is planning to build a logistics centre with a gross area of 17,200 m2 on its immovable property located at 1 Paemurru Street in the city of Maardu. In August 2023, 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. The logistics centre is built to serve the volumes of goods of the companies of TKM Group, primarily those of Selver AS, its subsidiary. 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
31.12.2021					
Cost	16,869	5,599	120	3,394	25,982
Accumulated amortisation and impairment	0	-4,098	-14	-1,586	-5,698
Carrying value	**16,869**	**1,501**	**106**	**1,808**	**20,284**
Changes occurred in 2022					
Purchases and improvements	0	0	0	1,764	1,764
Reclassification to property, plant and equipment	0	0	0	-21	-21
Reclassification from property, plant and equipment (Note 10)	0	0	0	218	218
Amortisation	0	-273	-17	-232	-522
31.12.2022					
Cost	16,869	2,091	120	5,355	24,435
Accumulated amortisation and impairment	0	-863	-31	-1,818	-2,712
Carrying value	**16,869**	**1,228**	**89**	**3,537**	**21,723**
Changes occurred in 2023					
Purchases and improvements	0	0	0	1,151	1,151
Acquired through business combinations (Note 6)	2,180	153	0	111	2,444
Reclassification from property, plant and equipment (Note 10)	0	0	0	1	1
Amortisation	0	-218	-13	-286	-517
30.09.2023					
Cost	19,049	2,243	120	6,687	28,099
Accumulated amortisation and impairment	0	-1,080	-44	-2,173	-3,297
Carrying value	**19,049**	**1,163**	**76**	**4,514**	**24,802**

In the reporting period, the Group capitalised costs of a web page update, loyalty card web page update, loyalty card - Monthly Card, e-shop as development expenditure and development of services were in the amount of 1,151 thousand euros (2022: 1,764 thousand euros).

Trademark at value of 180 thousand euros was acquired in 2014 through purchase of Viking Security AS shares. Trademark will be amortised during 7 years. Trademark has been fully amortised in 2021, but its use will continue.

Trademark at value of 1,911 thousand euros was acquired in 2020 through purchase of ABC Supermarkets AS shares. Trademark will be amortised during 7 years.

In 2021, Viking Security AS acquired from P.Dussmann Eesti OÜ its security services business in Estonia together with the assets and agreements belonging to it. Beneficial agreements at value of 120 thousand euros was acquired together with security services business. Beneficial agreements will be amortised during 7 years.

Trademark at value of 153 thousand euros was acquired in 2023 through purchase of AS Walde shares. Trademark will be amortised during 7 years.

Goodwill is allocated to cash generating units of the Group by the following segments:

in thousands of euros	30.09.2023	31.12.2022
Supermarkets	13,609	13,609
Car trade	3,156	3,156
Security	2,284	104
Total	**19,049**	**16,869**

The recoverable amount (based on value in use) was determined on the basis of future cash flows for the next five years. In all units, it was evident that the present value of cash flows covers the value of goodwill and trademark as well as beneficial lease agreements and other assets related to the unit.

Note 12. Borrowings

in thousands of euros

	30.09.2023	31.12.2022
Short-term borrowings		
Overdraft	7,236	15,222
Bank loans	16,580	60,747
Lease liabilities	4,419	17,433
Other borrowings	3,192	3,705
Total short-term borrowings	**31,427**	**97,107**

in thousands of euros

	30.09.2023	31.12.2022
Long-term borrowings		
Bank loans	87,187	28,320
Lease liabilities	159,817	154,210
Other borrowings	15,301	8,295
Total long-term borrowings	**262,305**	**190,825**
Total borrowings	**293,732**	**287,932**

Borrowings received

in thousands of euros

	III quarter 2023	III quarter 2022	9 months 2023	9 months 2022
Overdraft	0	675	0	10,790
Bank loans	0	3,899	25,421	17,219
Other borrowings	4,985	634	10,052	1,795
Total borrowings received	**4,985**	**5,208**	**35,473**	**29,804**

Borrowings paid

in thousands of euros

	III quarter 2023	III quarter 2022	9 months 2023	9 months 2022
Overdraft	7,462	0	8,111	0
Bank loans	1,816	5,259	10,769	11,857
Lease liabilities	4,385	4,152	13,039	12,678
Other borrowings	1,215	746	3,560	2,607
Total borrowings paid	**14,878**	**10,157**	**35,479**	**27,142**

Bank loans are denominated in euros. Management estimates that the carrying amount of the Group's financial liabilities does not significantly differ from their fair value.

As of 30.09.2023, the repayment dates of bank loans are between 06.11.2023 and 01.09.2028 (2022: between 25.03.2023 and 07.12.2027), interest is tied both to 3-month and 6-month EURIBOR. Group has also contracts with fixed interest rate. Weighted average interest rate was 4.82% (2022: 2.78%).

Lease agreements that form lease liabilities have been concluded for the term until 14.04.2040. The lease obligation recognised in the balance sheet is recognised in accordance with IFRS 16, the discount uses an alternative loan interest rate at the time of the settlement or the initial application of IFRS 16. Weighted average interest rate used was 1.97% (31.12.2022: 1.97%).

Net debt reconciliation
in thousands of euros

	30.09.2023	31.12.2022
Cash and cash equivalents (Note 2)	8,744	22,436
Short-term borrowings	-31,427	-97,107
Long-term borrowings	-262,305	-190,825
Net debt	**-284,988**	**-265,496**
Cash and cash equivalents (Note 2)	8,744	22,436
Gross debt – fixed interest rates	-169,997	-177,825
Gross debt – variable interest rates	-123,735	-110,107
Net debt	**-284,988**	**-265,496**

	Cash and cash equivalents	Overdraft	Borrowings	Lease liabilities	Total
Net debt 31.12.2021	**29,981**	**-7,308**	**-94,232**	**-177,811**	**-249,370**
Cash flow (principal and interest)	-7,545	-7,914	-5,218	20,636	-41
Interest accrued	0	0	-1,617	-3,567	-5,184
New lease contracts	0	0	0	-5,959	-5,959
Revaluation of lease liabilities	0	0	0	-4,942	-4,942
Net debt 31.12.2022	**22,436**	**-15,222**	**-101,067**	**-171,643**	**-265,496**
Cash flow (principal and interest)	-13,692	7,986	-17,193	15,660	-7,239
Interest accrued	0	0	-4,000	-2,621	-6,621
New lease contracts	0	0	0	-215	-215
Revaluation of lease liabilities	0	0	0	-5,417	-5,417
Net debt 30.09.2023	**8,744**	**-7,236**	**-122,260**	**-164,236**	**-284,988**

Note 13. Trade and other payables

in thousands of euros

	30.09.2023	31.12.2022
Trade payables	67,731	79,551
Payables to related parties (Note 20)	5,159	3,132
Other accrued expenses	598	209
Prepayments by tenants	3,429	3,501
Total financial liabilities from balance sheet line “Trade and other payables”	**76,917**	**86,393**
Taxes payable (Note 14)	9,739	10,365
Employee payables	8,941	11,059
Prepayments	2,981	3,433
Short-term provisions*	36	199
Total trade and other payables	**98,614**	**111,449**

*Short-term provisions represent warranty provisions related to footwear trade.

Note 14. Taxes

in thousands of euros

	30.09.2023		31.12.2022	
	Prepaid taxes	Taxes payable	Prepaid taxes	Taxes payable
Prepaid taxes	31	0	38	0
Value added tax	0	3,728	0	4,635
Personal income tax	0	1,634	0	1,554
Social security taxes	0	3,970	0	3,745
Corporate income tax	0	33	0	67
Unemployment insurance	0	258	0	246
Mandatory funded pension	0	116	0	118
Total taxes	**31**	**9,739**	**38**	**10,365**

As of 30.09.2023 deferred tax liability on dividends in the amount of 5,299 thousand euros (31.12.2022: 5,299 thousand euros) is recorded in the balance sheet.

Note 15. Share capital

As of 30.06.2023 and 31.12.2022, 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 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.

In 2022, 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 4,479 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. With regard to areas of activity, the operating activities are monitored in the department stores, supermarkets, real estate, car trade, beauty products (I.L.U.) and security segments. The measures of I.L.U. are below the quantitative criteria of the reporting segment specified in IFRS 8; these have been aggregated with the department stores segment because they have similar economic characteristics and are similar in other respects specified in IFRS 8.

The main area of activity of department stores, supermarkets and car trade is retail trade. Supermarkets focus on the sale of food products and convenience goods, the department stores on the sale of beauty and fashion products, the car trade on the sale of cars and spare parts. Among the others, in the car trade segment, cars are sold at wholesale prices to authorised car dealers. The share of wholesale trade in other segments is insignificant. The security segment main activity is providing security services solutions. The real estate segment deals with the development, management and maintenance of real estate owned by the Group, and with the rental of commercial premises.

The activities of the Group are carried out in Estonia, Latvia and Lithuania. The Group operates in all the five operating segments in Estonia. The Group is engaged in car trade and real estate development in Latvia and in Lithuania.

The disclosures of financial information correspond to the information that is periodically reported to the Supervisory Board. Measures of profit or loss, segment assets and liabilities have been measured in accordance with accounting policies used in the preparation of the financial statements, except for IFRS 16 measurement and recognition of right of use assets and lease liabilities, which are shown in a separate sector. Main measures that Supervisory Board monitors are segment revenue (external segment and inter-segment revenue), EBITDA (earnings before interest, taxes, depreciation and amortisation) and net profit or loss.

in thousands of euros

III quarter 2023	Super markets	Depart-ment store	Car trade	Security	Real estate	Inter-segment transact-ions	Impact of lease accounting	Total segments
External revenue	**153,468**	**23,867**	**51,062**	**4,026**	**1,690**	**0**	**0**	**234,113**
Inter-segment revenue	256	1,120	83	1,843	3,628	-6,930	0	0
Total revenue	153,724	24,987	51,145	5,869	5,318	-6,930	0	234,113
EBITDA	**9,656**	**701**	**4,207**	**190**	**3,943**	**0**	**5,259**	**23,956**
Segment depreciation and impairment losses	-3,155	-714	-346	-134	-1,151	0	-4,879	-10,379
Operating profit/loss	**6,501**	**-13**	**3,861**	**56**	**2,792**	**0**	**380**	**13,577**
Finance income	322	382	59	1	423	-1,163	0	24
Finance income on shares of associates	0	56	0	0	0	0	0	56
Finance costs	-576	-868	-277	-29	-1,034	1,163	-874	-2,495
Income tax	0	0	0	0	0	0	0	0
Net profit/loss	**6,247**	**-443**	**3,643**	**28**	**2,181**	**0**	**-494**	**11,162**
incl. in Estonia	6,247	-443	3,063	28	2,093	0	-494	10,494
incl. in Latvia	0	0	215	0	115	0	0	330
incl. in Lithuania	0	0	365	0	-27	0	0	338
Segment assets	**149,733**	**98,575**	**51,637**	**8,490**	**287,026**	**-111,845**	**153,191**	**636,807**
Segment liabilities	**116,259**	**72,904**	**26,007**	**5,947**	**92,965**	**-80,083**	**164,236**	**398,235**
Segment investments in property, plant and equipment	6,676	775	274	117	-180	0	0	7,662
Segment investments in intangible assets	316	16	0	0	0	0	0	332

in thousands of euros

III quarter 2022	Super markets	Depart-ment store	Car trade	Security	Real estate	Inter-segment transact-ions	Impact of lease accounting	Total segments
External revenue	**149,798**	**22,935**	**39,760**	**2,397**	**1,567**	**0**	**0**	**216,457**
Inter-segment revenue	267	1,047	80	1,122	3,612	-6,128	0	0
Total revenue	150,065	23,982	39,840	3,519	5,179	-6,128	0	216,457
EBITDA	**5,478**	**511**	**3,518**	**156**	**4,051**	**0**	**5,035**	**18,749**
Segment depreciation and impairment losses	-2,787	-665	-233	-94	-1,185	0	-4,814	-9,778
Operating profit/loss	**2,691**	**-154**	**3,285**	**62**	**2,866**	**0**	**221**	**8,971**
Finance income	75	118	30	0	82	-304	0	1
Finance income on shares of associates	0	58	0	0	0	0	0	58
Finance costs	-175	-194	-72	-3	-232	304	-883	-1,255
Income tax	0	0	0	0	0	0	0	0
Net profit/loss	**2,591**	**-172**	**3,243**	**59**	**2,716**	**0**	**-662**	**7,775**
incl. in Estonia	2,591	-172	2,711	59	2,580	0	-662	7,107
incl. in Latvia	0	0	271	0	146	0	0	417
incl. in Lithuania	0	0	261	0	-10	0	0	251
Segment assets	**144,622**	**109,936**	**53,068**	**3,876**	**286,855**	**-141,971**	**166,798**	**623,184**
Segment liabilities	**121,482**	**85,364**	**33,432**	**3,508**	**84,900**	**-112,209**	**175,678**	**392,155**
Segment investments in property, plant and equipment	2,873	400	104	54	541	0	0	3,972
Segment investments in intangible assets	0	635	0	2	0	0	0	637

in thousands of euros

9 months 2023	Super markets	Depart-ment store	Car trade	Security	Real estate	Inter-segment transact-ions	Impact of lease accountin g	Total segments
External revenue	**455,151**	**75,596**	**148,640**	**10,403**	**4,871**	**0**	**0**	**694,661**
Inter-segment revenue	1,091	3,338	292	4,936	10,915	-20,572	0	0
Total revenue	456,242	78,934	148,932	15,339	15,786	-20,572	0	694,661
EBITDA	22,446	2,818	12,895	549	12,585	0	15,660	66,953
Segment depreciation and impairment losses	-9,185	-2,114	-944	-346	-3,491	0	-14,577	-30,657
Operating profit/loss	**13,261**	**704**	**11,951**	**203**	**9,094**	**0**	**1,083**	**36,296**
Finance income	782	983	138	2	952	-2,817	0	40
Finance income on shares of associates (Note 7)	0	166	0	0	0	0	0	166
Finance costs	-1,475	-2,102	-730	-66	-2,415	2,817	-2,621	-6,592
Income tax	-1,139	-228	-1,158	0	-2,776	0	0	-5,301
Net profit/loss	**11,429**	**-477**	**10,201**	**139**	**4,855**	**0**	**-1,538**	**24,609**
incl. in Estonia	11,429	-477	7,871	139	4,601	0	-1,538	22,025
incl. in Latvia	0	0	877	0	321	0	0	1,198
incl. in Lithuania	0	0	1,453	0	-67	0	0	1,386
Segment assets	**149,733**	**98,575**	**51,637**	**8,490**	**287,026**	**-111,845**	**153,191**	**636,807**
Segment liabilities	**116,259**	**72,904**	**26,007**	**5,947**	**92,965**	**-80,083**	**164,236**	**398,235**
Segment investments in property, plant and equipment (Note 10)	16,192	1,773	796	288	586	0	0	19,635
Segment investments in intangible assets (Note 11)	316	818	0	17	0	0	0	1,151

in thousands of euros

9 months 2022	Super markets	Depart-ment store	Car trade	Security	Real estate	Inter-segment transact-ions	Impact of lease accounting	Total segments
External revenue	**433,094**	**71,408**	**112,358**	**6,941**	**4,575**	**0**	**0**	**628,376**
Inter-segment revenue	1,016	3,140	391	3,759	10,854	-19,160	0	0
Total revenue	434,110	74,548	112,749	10,700	15,429	-19,160	0	628,376
EBITDA	**16,621**	**2,274**	**9,295**	**372**	**12,165**	**0**	**15,290**	**56,017**
Segment depreciation and impairment losses	-8,411	-1,901	-633	-269	-3,618	0	-14,367	-29,199
Operating profit/loss	**8,210**	**373**	**8,662**	**103**	**8,547**	**0**	**923**	**26,818**
Finance income	225	272	57	1	173	-725	0	3
Finance income on shares of associates	0	160	0	0	0	0	0	160
Finance costs	-448	-477	-226	-10	-598	725	-2,612	-3,646
Income tax	-2,144	-450	-428	-32	-1,426	0	0	-4,480
Net profit/loss	**5,843**	**-122**	**8,065**	**62**	**6,696**	**0**	**-1,689**	**18,855**
incl. in Estonia	5,843	-122	6,714	62	6,266	0	-1,689	17,074
incl. in Latvia	0	0	415	0	459	0	0	874
incl. in Lithuania	0	0	936	0	-29	0	0	907
Segment assets	**144,622**	**109,936**	**53,068**	**3,876**	**286,855**	**-141,971**	**166,798**	**623,184**
Segment liabilities	**121,482**	**85,364**	**33,432**	**3,508**	**84,900**	**-112,209**	**175,678**	**392,155**
Segment investments in property, plant and equipment	6,069	2,246	312	180	1,051	0	0	9,858
Segment investments in intangible assets	13	1,128	6	4	0	0	0	1,151

External revenue according to types of goods and services sold

in thousands of euros

	III quarter 2023	III quarter 2022	9 months 2023	9 months 2022
Retail revenue	208,661	196,448	622,111	569,088
Wholesale revenue	13,356	9,883	38,780	30,373
Rental income	2,659	2,607	7,941	7,594
Revenue for rendering services	9,437	7,519	25,829	21,321
Total revenue	234,113	216,457	694,661	628,376

External revenue by client location

in thousands of euros

	III quarter 2023	III quarter 2022	9 months 2023	9 months 2022
Estonia	194,639	187,737	621,580	573,490
Latvia	30,240	23,042	47,638	36,674
Lithuania	9,234	5,678	25,443	18,212
Total	234,113	216,457	694,661	628,376

Distribution of non-current assets* by location of assets

in thousands of euros

	30.09.2023	31.12.2022
Estonia	472,375	471,397
Latvia	32,163	32,712
Lithuania	2,223	2,136
Total	506,761	506,245

* Non-current assets, other than financial assets and investment in associate.

In the reporting period and comparable period, the Group did not have any clients whose revenue would exceed 10% of the Group's revenue.

Note 17. Services expenses

in thousands of euros

	III quarter 2023	III quarter 2022	9 months 2023	9 months 2022
Rental expenses	142	126	470	388
Heat and electricity expenses	2,883	6,057	10,598	13,870
Expenses related to premises	2,679	2,554	8,275	7,393
Cost of services and materials related to sales	1,808	1,976	5,569	5,910
Marketing expenses	2,177	2,144	6,243	6,319
Other operating expenses	1,431	1,220	4,016	3,548
Computer and communication costs	1,842	1,822	5,553	5,386
Expenses related to personnel	1,233	1,120	3,596	3,219
Total services expenses	14,195	17,019	44,320	46,033

Note 18. Staff costs

in thousands of euros

	III quarter 2023	III quarter 2022	9 months 2023	9 months 2022
Wages and salaries	19,475	17,494	59,506	52,604
Social security taxes	6,102	5,552	18,792	16,670
Total staff costs	**25,577**	**23,046**	**78,298**	**69,274**
Average wages per employee per month (euros)	1,346	1,234	1,398	1,244
Average number of employees in the reporting period	4,824	4,725	4,730	4,699

Note 19. Earnings per share

For calculating the basic earnings per share, the net profit to be distributed to the Parent's shareholders is divided by the weighted average number of ordinary shares in circulation. As the Company does not have potential ordinary shares, the diluted earnings per share equal basic earnings per share.

	III quarter 2023	III quarter 2022	9 months 2023	9 months 2022
Net profit (in thousands of euros)	11,162	7,775	24,609	18,855
Weighted average number of shares	40,729,200	40,729,200	40,729,200	40,729,200
Basic and diluted earnings per share (euros)	0.27	0.19	0.60	0.46

Note 20. Related party transactions

in thousands of euros

In preparing the consolidated interim report of Tallinna Kaubamaja 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.

Majority shareholder of Tallinna Kaubamaja Grupp AS is OÜ NG Investeeringud. Majority shareholder of OÜ NG Investeeringud is NG Kapital OÜ. NG Kapital OÜ is the ultimate controlling party of Tallinna Kaubamaja Grupp AS.

The Tallinna Kaubamaja Group has purchased and sold goods, services and non-current assets as follows:

	Purchases 9 months 2023	Sales 9 months 2023	Purchases 9 months 2022	Sales 9 months 2022
Parent	191	34	160	2
Entities in the Parent's consolidation group	29,314	2,547	23,027	2,700
Members of management and supervisory boards	0	9	17	23
Other related parties	26	10	5	23
Total	**29,531**	**2,600**	**23,209**	**2,748**

A major part of the purchases from the entities in the Parent's consolidation group is made up of goods purchased for sale. Purchases from the Parent are mostly made up of management fees. Sales to related parties are mostly made up of services provided.

Balances with related parties:

	30.09.2023	31.12.2022
Receivables from entities in the in the Parent's consolidation group	418	401
Other related parties	0	7
Total receivables from related parties (Note 4)	**418**	**408**

	30.09.2023	31.12.2022
Parent	24	21
Entities in the Parent's consolidation group	5,127	3,108
Other related parties	8	3
Total liabilities to related parties (Note 13)	**5,159**	**3,132**

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, Tallinna Kaubamaja Grupp AS has been keeping its available funds at the head group account, earning interest income on its deposits. In 2023 9 months, the Group has earned interest income on its deposits of available funds in the amount of 37 thousand euros (2022: 0 euros). As at 30 September 2023 and 31 December 2022, Tallinna Kaubamaja 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 Tallinna Kaubamaja Group for the reporting period including wages, social security taxes, bonuses and car expenses, amounted to 2,379 thousand euros (2022 9 months: 2,074 thousand euros). Short-term benefits to supervisory boards' members of the Group in reporting period including social taxes amounted to 643 thousand euros (2022 9 months: 647 thousand euros).

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