TALLINNA KAUBAMAJA GRUPP AS

Consolidated Interim Report for
the Fourth quarter and 12 months of 2023
(unaudited)

Table of contents

MANAGEMENT REPORT 4
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 15
MANAGEMENT BOARD'S CONFIRMATION TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 15
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION 16
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 17
CONDENSED CONSOLIDATED CASH FLOW STATEMENT 18
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY 19
NOTES TO THE CONDENSED CONSOLIDATED INTERIM ACCOUNTS 20

Note 1. Accounting Principles Followed upon Preparation of the Condensed Consolidated Interim Accounts 20
Note 2. Cash and cash equivalents 21
Note 3. Trade and other receivables 21
Note 4. Trade receivables 21
Note 5. Inventories 21
Note 6. Subsidiaries 22
Note 7. Investments in associates 25
Note 8. Long-term trade and other receivables 25
Note 9. Investment property 26
Note 10. Property, plant and equipment 27
Note 11. Intangible assets 29
Note 12. Borrowings 30
Note 13. Trade and other payables 32
Note 14. Taxes 32
Note 15. Share capital 32
Note 16. Segment reporting 33
Note 17. Services expenses 38
Note 18. Staff costs 39
Note 19. Earnings per share 39
Note 20. Related party transactions 39

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 4,700 employees.

The Company is listed on the Nasdaq Tallinn stock exchange.

Registered office:	Kaubamaja 1
	10143 Tallinn
	Republic of Estonia
Registry code:	10223439
Beginning of financial year:	1 January 2023
End of financial year:	31 December 2023
Beginning of interim report period:	1 January 2023
End of interim report period:	31 December 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 is reporting its economic activities under five operating segments as follows.

1. The operating segment of supermarkets is focused on the retail sales of food products and convenience goods.
2. The main area of activity of the department store segment is the retail sales of beauty and fashion products. The segment includes the retail sales of the department stores, as well as the beauty store chain.
3. The car trade segment is focused on the import and sale of cars and spare parts for cars, as well as the maintenance 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 December 31, 2023:

Selver supermarkets	Location	Shareholding as of 31.12.2023	Shareholding as of 31.12.2022
Selver AS	Estonia	100%	100%
Kulinaaria OÜ	Estonia	100%	100%
Department stores			
Kaubamaja AS	Estonia	100%	100%
TKM Finants AS	Estonia	100%	100%
OÜ TKM Beauty	Estonia	100%	100%
OÜ TKM Beauty Eesti	Estonia	100%	100%
Rävala Parkla AS	Estonia	50%	50%

Car trade	Location	Shareholding as of 31.12.2023	Shareholding as of 31.12.2022
TKM Auto OÜ	Estonia	100%	100%
KIA Auto AS	Estonia	100%	100%
AS Viking Motors	Estonia	100%	100%
SIA Forum Auto	Latvia	100%	100%
Verte Auto SIA	Latvia	100%	100%
UAB Motus auto	Lithuania	100%	100%
Security segment			
Viking Security AS	Estonia	100%	100%
Walde AS	Estonia	100%	0%
Real estate			
TKM Kinnisvara AS	Estonia	100%	100%
TKM Kinnisvara Tartu OÜ	Estonia	100%	100%
SIA TKM Latvija	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. Guided by the objective of improved efficiency, the security companies of the Group were merged. Walde AS, a security equipment wholesale subsidiary acquired by Viking Security AS at the beginning of this year, will continue as a separate company.

During the merger, Viking Security AS (the acquiring company) merged with Skarabeus Julgestusteenistus OÜ and Caesari Turvateenistuse Aktsiaselts (companies being acquired). The merger was recorded in the commercial register on 13 December 2023. Pursuant to the merger agreement concluded on 26 September 2023, the legal successor of both Skarabeus Julgestusteenistus OÜ and Caesari Turvateenistuse Aktsiaselts is Viking Security AS, and the assets of all of the acquired companies were transferred entirely to Viking Security AS when the merger was entered into the commercial register. Due to the merger, Skarabeus Julgestusteenistus OÜ and Caesari Turvateenistuse Aktsiaselts were deleted from the commercial register.

Share market

Since 19 August 1997, the shares of the Group have been listed on the Baltic main list of the Nasdaq Tallinn Stock Exchange, and today TKM Grupp is the oldest listed company on the Nasdaq Tallinn Stock Exchange. 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.

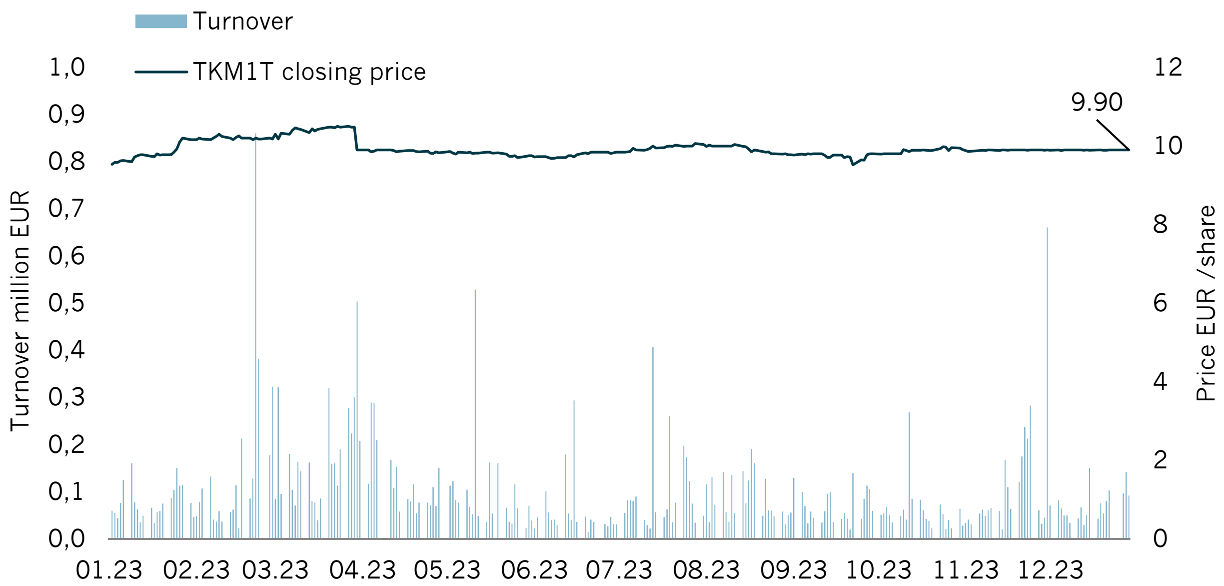
The members of the management board of the Group have no right to issue or buy back shares. In addition, there are no commitments between the company and its employees providing for compensation in mergers and acquisitions under article 19' of Stock Market Trade Act.

The share, which cost 9.37 euros at the end of 2022, closed at 9.9 euros at the end of 2023, up 5.7% over the year.

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 Tallinn Stock Exchange from 01.01.2023 to 31.12.2023.

In euros



SHARE	Q4/23	Q4/22	12M/23	12M/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)	6.47	5.89	6.47	5.89
Share's closing price (EUR/share)	9.90	9.37	9.90	9.37
Earnings per share (EUR/share)	0.31	0.26	0.92	0.72

Risks

The financial year was marked by multiple crises ranging from geopolitical threats to rapid wide-spread inflation and steep increase in base interest rates. The economic recession of the last few years has increasingly started to impact the behaviour of retail customers. The Group has prepared for possible consequences by increasing the liquidity of the Group and improving the flexibility of business processes. Daily signs of the economic depression 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 professional security company Viking Security, which has long-term experience in the retail trade and uses modern video surveillance technology and know-how for the prevention and early detection of thefts.

In autumn, the Government of the Republic of Estonia's plan to introduce a car tax from 2025 became public. The proposed tax will impact the economic activities of Estonian companies in the Group's car segment. The Group will evaluate the extent of the impact more precisely once the detailed implementation plan of the car tax is clarified.

Sustainable entrepreneurship

In the fourth quarter, the companies of the Group traditionally focused on social responsibility cooperation projects.

For the 21st time, Selver carried out the charity campaign "Together it's easier" to collect donations for 16 children's hospitals and the children's or maternity wards of the hospitals. On the first weekend of December, food collection days were held for the 36th time in larger Selvers in cooperation with Eesti Toidupank. With the help of good donators and volunteers, a total of 10,435 kg of food, foodstuffs, and essential industrial goods were collected in Selver stores.

Kaubamaja's cooperation partner within the December Christmas campaign was the charity foundation Minu Unistuste Päev (The Day of My Dreams). The foundation sends cheerful characters to Tallinn Children's Hospital and the children's clinic of Tartu University Hospital to bring joy to the days of the children who are being treated at the hospital. Handcrafted chocolate truffles with nice messages were on sale at the cash registers of the Kaubamaja and the proceeds from the sales were donated to the charity fund. Over 5,500 truffles sold out quickly, showing that the theme was important to the customers. Thanks to the donations, the Minu Unistuste Päev charity fund can organize more than 35 fun days with Pippi Longstocking or the puppy girl Lotte or some other great characters to make children happy.

Kulinaaria office employees had the opportunity in November to learn more about the activities of the charitable recycling store Punane Ristik and to contribute as a team in various work sections of the store. Contributing to the community and charity strengthens team spirit and improves teamwork.

In order to lower the impact on the environment, continuous product and service developments take place in the Group. Kia Auto released a new car model on the Baltic market- EV9 - a fully electric 7-seater car by Kia. The interior of the vehicle relies heavily on recycled and plant-based materials to reduce the harmful impact on the environment. The floor covers of the vehicle are made of recycled fishnets collected and recycled during ocean cleaning, and several materials used in the interior of the car, including the seats, are made of a mixture of recycled plastic bottles and wool.

In October 2023, the Group's loyalty program launched the possibility of ordering a digital Partner Card (loyalty cards), the aim of which is to reduce the issue of plastic Partner cards. Customers have actively used this opportunity, and the number of unissued plastic Partner Cards exceeded 7,000 by the end of the year. Customers preferring to use more digital solutions is further supported by the fact that over 50% of loyalty cards ordered through the self-service environment of Partner Card are digital Partner Cards, or in other words, every other first-time Partner Card or an extended Partner Card ordered online is digital.

Kaubamaja has been sorting waste by type for years, but this year the waste sorting principles and options for customers were reviewed with a new look, as a result of which the sales hall communication was updated and additional options were created for customers to sort waste more easily and reduce packaging.

Economic environment

Based on the data of Statistics Estonia, the Estonian economy declined by 3.9% in the third quarter of 2023 despite the price hikes slowing down. According to Statistics Estonia, the weakest sectors of the economy were transportation and storage due to difficulties in foreign trade; in addition, manufacturing as well as information and communication were facing difficulties. Real estate sector activities made the biggest positive contribution to the economy. Eesti Pank estimated that the economy would fall by 3.5% in 2023 mainly due to the slowdown in foreign trade. In 2023, the consumer price index increased by 9.2% compared to the average in 2022. Compared to the previous year, the price of food products saw the most significant rise at 15.8%, with sugar (42.2%), cocoa (29.9%), and olive oil (26.6%) experiencing the highest increases. Meanwhile, the prices of gasoline and diesel fuel fell by 7.4% and 10.7% respectively over the year. The rise in food prices slowed in the fourth quarter, with food and non-alcoholic beverages increasing in price by 5.5%. Clothing and footwear prices went up by 6.3%. In the fourth quarter, the overall consumer price index rose by 4.3%, and this increase extended to other sectors such as health care, education, accommodation, and eating out. According to Eesti Pank, inflation is expected to peak at around 5% at the beginning of 2024 and then decelerate to 3% by year-end. Eesti Pank forecasts a total price increase of 3.4% for the year 2024. Statistics Estonia's latest data indicates that the average gross monthly salary increased by 10.4% in the third quarter of 2023 compared to the same period last year. Eesti Pank projects that wage growth will reach 11.1% in 2023. By 2024, amidst economic recession conditions, the average salary is anticipated to grow by 6.6%.

According to Statistics Estonia, the total volume of retail turnover in Estonia in current prices increased by 4.1% in the first eleven months of 2023. The largest increase was in the sale of motor vehicles, their parts, and accessories (16.2%), followed by the maintenance and repair of motor vehicles with 9.6%. Sales revenue in unspecialised stores (mainly focused on food products) has been declining for the last four months, but the huge increase in the beginning of the year still meant that growth reached 9.4% during the first eleven months. Wholesale and retail sales and repair of motor vehicles and motorcycles increased by 15.7% in eleven months. According to initial data, a total of 23 thousand new passenger vehicles were sold in Estonia in 2023, which is 12% more than in 2022. The confidence of Estonian consumers reduced in the second half of 2023, compared to the first half of the year. According to Eesti Pank, the household consumption expenditure is held back by the uncertainty that people have regarding to the future and the increased fear of unemployment, and therefore, the volume of private consumption will not increase significantly in 2024.

Economic results

Financial ratios

In million EUR	Q4/23	Q4/22	Change %	12M/23	12M/22	Change %
Revenue	252.6	234.4	*7.8%*	947.3	862.8	9.8%
Selver supermarkets	165.0	161.8	*2.0%*	620.2	594.9	4.3%
Department stores	34.9	33.7	*3.3%*	110.5	105.2	5.0%
Car trade	45.7	34.4	*32.9%*	194.4	146.8	32.4%
Security	5.3	2.9	82.6%	15.7	9.8	59.5%
Real estate	1.7	1.6	8.1%	6.6	6.2	6.9%
Gross profit margin%	*28.53%*	*28.83%*	*-1.0%*	*27.58%*	*27.62%*	*-0.2%*
EBITDA	26.1	23.0	13.4%	93.0	79.0	*17.7%*
Selver supermarkets	11.0	7.9	*39.9%*	33.4	24.5	*36.6%*
Department stores	3.0	2.7	*8.7%*	5.8	5.0	*15.6%*
Car trade	2.5	2.5	*-1.1%*	15.4	11.8	*30.2%*
Security	0.0	0.1	*-135.2%*	0.5	0.5	*7.3%*
Real estate	4.1	4.4	*-6.3%*	16.7	16.6	*0.8%*
IFRS 16	5.5	5.3	*2.7%*	21.2	20.6	*2.5%*
margin	*10.32%*	*9.81%*	*5.2%*	*9.82%*	*9.16%*	*7.2%*
Operating profit	16.0	13.1	*21.6%*	52.3	39.9	*30.8%*
margin	*6.32%*	*5.60%*	*12.8%*	*5.52%*	*4.63%*	*19.2%*
Net profit	12.8	10.6	*20.6%*	37.4	29.5	*26.9%*
margin	*5.07%*	*4.54%*	*11.9%*	*3.95%*	*3.42%*	*15.6%*
Earnings per share (EUR)	0.31	0.26	*20.6%*	0.92	0.72	*26.9%*

Key ratios

	Q4/23	Q4/22	12M/23	12M/22
Return on equity (ROE)	5.1%	4.6%	14.8%	13.5%
Return on assets (ROA)	1.9%	1.7%	5.6%	4.9%
Quick ratio	1.02	0.78	1.02	0.78
Debt ratio	0.62	0.62	0.62	0.62
Inventory turnover (multiplier)	1.81	2.44	6.88	9.13
Sales revenue per employee (in million EUR)	0.054	0.050	0.201	0.184
Average number of employees	4,706	4,728	4,724	4,697

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 fourth quarter of 2023, the consolidated unaudited sales revenue of the Group was 252.6 million euros, which was 7.8% more than the sales revenue of the same period of last year. The sales revenue of 2023 was 947.3 million euros, showing a growth of 9.8% compared to the result of 2022, when the sales revenue was 862.8 million euros. In the fourth quarter of 2023, the Group's unaudited consolidated net profit was 12.8 million euros, which was 20.6% higher than the profit of the comparable period in the previous year. The net profit of the Group in 2023 was 37.4 million euros, growing by 26.9%. Pre-tax profit earned in 2023 was 43.0 million euros, showing an improvement of 23.1% compared to the year before.

With a significant nearly 50 million euros increase in sales volume, the Group's automotive segment contributed to the growth in revenue in the fourth quarter of 2023, supported by strong results from all companies within the Group's automotive segment. The overall increase in sales revenue achieved by the Group in the fourth quarter was 7.8%. The security segment also contributed to the high growth rate of the sales volume, where the two security companies acquired during the third quarter merged with Viking Security, adding synergy and turnover growth. In the supermarket and department stores segments, sales growth was more modest due to changes in consumer behaviour. Growing uncertainty about the future has made customers more cautious and careful about spending. Regardless of the price hike slowing down, the prices of goods remain high and customers are looking for savings through discounted prices and shopping cart optimization. The latter affects the sales growth of the supermarket segment the most. Preference of discounted prices in the retail segment and the price pressure in the car trade segment have had a slight negative impact on the entire gross margin of the Group. On the other hand, the drop in energy prices compared to 2022 has provided the Group an opportunity to bring its profitability back to its previous level. The labour costs of the Group increased by 7.8% in the fourth quarter of 2023, while the number of employees decreased by 0.5%.

In November, TKM Kinnisvara AS and Enefit Volt partnered to build a total of 31 new public electric vehicle charging stations to the car parks of 11 Selver stores. Approximately half of the charging stations (15 pcs) are super-fast charging stations where it is possible to charge the necessary amount of energy for driving 100 km in only a few minutes. In the retail segment development of the functionalities for Partner Card loyalty programme continued. Convenience functions of the Partner Card application were improved and payment solutions for postponing payments were developed further.

Earlier in the reporting year, the Group contributed to the following developments. During the second half of the financial year, the real estate segment launched the development of the logistics centre in Maardu to meet the needs of the Group. The centre will have a total area of 17,200 m2 and it will cost around 20 million euros to build. The construction of the logistics centre is financed from the Group's own funds and a bank loan. The modern building with A energy class will be built in accordance with the requirements of the BREEAM certificate. The logistics centre will primarily serve the cargo volumes of Selver and the completion of the logistics centre 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. In the third quarter, the security segment of the Group improved its market position and future prospects by acquiring two outstanding security companies. It purchased companies called Skarabeus Julgestusteenistus OÜ and Caesari Turvateenistuse AS, which were merged with Viking Security AS in December to improve efficiency. This investment provides positive synergy through the combination of strong industry know-how, increased operational capacity, and cost efficiency. In the third quarter, the supermarket segment opened its 73rd store with a sales area of 3,700 m2 in Kurna Park. In September, the supermarket segment opened a fully renovated Delice store with a new 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 at Kristiine Centre, which was transferred to a new concept, was opened in the third quarter. In the second quarter, the largest store in the supermarket segment in Järve, Tallinn, was closed for renovation works for nearly two months. Reopened at the end of May, the renovated Järve Selver has been well received by customers. In the first quarter, the supermarket segment renovated Ringtee Selver in Tartu. In the first quarter, the Ülemiste I.L.U. cosmetics store was renovated: 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 November, the solar park of Põltsamaa Selver was completed. In January, the Group closed WOW Selver in Saare County, and in May, Punane Selver in Lasnamäe, Tallinn was also closed, because these stores did not meet expectations.

As at 31 December 2023, the volume of assets of the Group was 692.9 million euros – an increase of 10.7% 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 over 714 thousand, which is 1.3% more than the year before. The proportion of loyal customers in the sales revenue of the supermarkets and the department stores segment of the Group was 85.2% (in 2022, 84.4%). In the final quarter of the year, the modern and convenient payment solutions for postponing payments of the Partner Kuukaart payment card, offered as part of Partner Card loyalty programme of the Group, received an update. The services

'Osamakse' (Partial Payment) and 'Järelmaks' (Payment in Instalments) were added to the payment solutions in addition to Ostulimiit (Purchase Limit). Ostulimiit has been on the market for three years, allowing customers to pay for their purchases of the whole month with a single aggregate invoice in the following month. The Osamakse service enables to pay for purchases in 3 or 6 equal instalments without any additional fees. The Järelmaks service offers an instalment plan for up to 36 months. The new payment solutions were first launched in the Kaubamaja department stores. In the first half of 2024, the new payment solutions will also be adopted by the online store of Kaubamaja, and in the future, by the e-Selver online store.

Selver supermarkets

The consolidated sales revenue of the supermarket business segment in 2023 was 620.2 million euros, increasing by 4.3% year on year. The consolidated sales revenue was 165.0 million euros in the fourth quarter, increasing by 2.0% year on year. The average monthly sales revenue per square metre of sales area in 2023 was 0.43 thousand euros, increasing by 3.7% year on year. In the fourth quarter, the respective indicator was 0.45 thousand euros, which is 0.6% less than in the comparable period last year. In 2023, the sales revenue from goods per square metre of sales area was 0.44 thousand euros in reference stores, which was an increase of 4.8% year on year, whereas in the fourth quarter, it was 0.45 thousand euros, which was a decrease of 0.3% comparing with the previous year. In 2023, 44.2 million purchases were made at the stores, which was 1.1% higher than in the reference year.

In the fourth quarter of 2023, the pre-tax profit was 7.4 million euros and the net profit was 7.0 million euros, which was 2.5 million euros and 1.0 million euros more, respectively, than in the reference period. The consolidated pre-tax profit of the supermarket segment in 2023 was 20.0 million euros, increasing by 7.1 million euros in comparison with the previous year. The net profit of the year was 18.4 million euros – an increase of 6.6 million euros compared to the previous year. The difference between the net profit and pre-tax profit arises from the income tax paid from dividends.

The financial outcome of 2023 was affected by the increased turnover from the opening of the Priisle and Tabasalu Selver stores in Tallinn in 2022 and the Kurna Selver in August 2023, and the lost turnover from the closure of the WOW Selver in Saaremaa in 2022 and Punane Selver in Tallinn in 2023. The sales turnover was mostly affected by the temporary closure of Ringtee Selver in Tartu, Delice Solaris in Tallinn, as well as Järve Selver in Tallinn, the largest store in the chain, due to renovations which halted their sales. All the projects listed above have also involved one-time costs and investments. In 2023, the results of the supermarket segment were impacted by the exceptionally high and broad level of inflation and a decline in consumer confidence. During 2023, the price hike slowed down, but the price level of products and services remained high. The significant increase in the prices of food products has changed the purchase habits of customers and increased their interest in discounted products, so the volume of product sales has been declining since the spring of 2022. The sales outcome of the fourth quarter was additionally affected by a lower demand for non-essential food and industrial products and the increasing demand for discounted products. The proportion of discounted products in the shopping cart reached a historic high – about 55%. The increase of sales revenue of online commerce slowed down in the fourth quarter, but the online turnover grew at the same pace as retail turnover during the year. The remarkable improvement in the profits has been significantly supported by the decreased cost of energy. In the second quarter of the financial year, energy costs declined compared to the previous year, and during the year as a whole, remained a quarter below the 2022 level. The growth of labour costs has been faster than the growth of sales revenue in the supermarket segment. 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. At the same time, the chain has reorganised its work processes and completed successful changes in the structure, which has led to a decrease in working hours and thereby to an increase in the wages of employees.

The decline of production volumes of Kulinaaria OÜ, part of the supermarket segment, which started in the second half of 2023, slowed down during the second half of the financial year. During the fourth quarter, after leaving a fast and widespread increase in raw material prices behind, the consumption of Selveri Köök products showed signs of stabilisation. The central kitchen continued with daily consistent product development as the expectations of customers for new flavours have increased. Sustainable development has been important in production, packaging, the well-being of staff, and the delivery chain of the central kitchen. Thanks to environmentally friendly solutions and more resource-efficient production, the footprint of Selveri Köök has decreased by approximately 80% in the last 6 years. During the financial year, the use of plastic was reduced considerably. Over 80% of all boxes and containers used by Kulinaaria became recyclable. Due to top-of-the-line food production technology and the technical systems of the production building, well-planned to the tiniest detail, the products have a longer shelf life without using any additives in them. The production of Selveri Köök complies with the highest requirements set to food industry.

Selver opened one new store in 2023 – Kurna Selver in Harju County in August. Three stores have been renovated: Ringtee Selver in Tartu, which 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. The issuance of identity documents issued by the Estonian Police and Border Guard Board that was launched in the first quarter was expanded to 41 stores across Estonia by the end of the year. Issuing ID-cards and passports earned the title of the best cooperation project of the 2023 Trade Act of the Year.

As at the end of December, the supermarket segment includes 71 Selver stores, 2 Delice stores, and a mobile grocery store and a café, with a total sales area of 120.4 thousand m2. In addition, it includes e-Selver, which is the e-shop with the largest service area in Estonia, and the central kitchen Kulinaaria OÜ.

Department stores

The sales revenue of the business segment of the department stores in 2023 was 110.5 million euros, exceeding the sales of the same period last year by 5.0%. The sales revenue of the fourth quarter was 34.9 million euros, which was 3.3% better than last year. The pre-tax profit of the Kaubamaja department stores in 2023 was 1.6 million euros, showing a decrease of 0.7 million euros compared to the results from last year. In the fourth quarter, the pre-tax profit was 1.9 million euros, which was 4.1% lower than in the comparable period last year.

The 12-month average sales revenue of Kaubamaja department store per square metre of sales area was 0.3 thousand euros per month, which is 6% higher than in the same period last year. The first half of the financial year is characterised by a strong growth in sales, because the full-scale war that Russia launched against Ukraine in 2022 had a negative impact on the sales of the second half of the first quarter of the reference year. Interest among customers was intense in the beginning of the spring sales in 2023, and the number of customers visiting our shops was significantly higher compared to the previous year. The discount of winter season goods was affected by a warmer-than-average winter, which is why the discount percentages were higher in 2023, but the increased sales volumes compensated for the lower margin and had a positive effect on the result. Construction works of the Old City Harbour tram line in the centre of Tallinn started in the second quarter, and as a result, most of the intersections surrounding the Kaubamaja department store were closed by the beginning of July in 2023. Pedestrian traffic was also affected. This had a considerable impact on the sales of the second half of the year, and in addition, a warmer-than-average September affected the sales of autumn goods negatively. Towards the end of the fourth quarter, the number of visitors to the department stores indicated a slight decline in the economic situation; however, the largest promotional campaign of Kaubamaja, Osturalli, achieved the best result of all time. During the Christmas season, the Kaubamaja department store sold a record number of hand-made chocolate truffles for a charity project and the proceeds from the sales were donated to the charity fund Minu Unistuste Päev, that helps children with serious illnesses to cope emotionally.

In the fourth quarter of 2023, the sales revenue of OÜ TKM Beauty Eesti, which operates I.L.U. cosmetics stores, was 2.9 million euros, which is 23.4% more than in the same period of 2022. In the fourth quarter of 2023, the profit was 0.2 million euros, which is 0.1 million euros more than in the fourth quarter of 2022. The increase in the sales of the fourth quarter was driven by successful marketing campaigns for Black Friday and the Christmas season. The sales revenue of 2023 was 8.4 million euros, which is 26.4% more than in 2022. The profit in 2023 was 0.4 million euros, which was 0.2 million euros more than the result of 2022. The most important event of the year was the implementation of the updated concept and selection of goods at I.L.U. stores at the Ülemiste and Kristiine shopping centres. The overhauled stores led to a 25% increase in the number of regular customers of I.L.U. stores compared to the previous year, whereas the number of young customers under 25 showed a particularly strong growth.

Car trade

The sales revenue of the car trade segment in 2023 was 194.4 million euros, which was 32.4% higher than the result of the previous year. The sales revenue of 45.7 million euros in the fourth quarter exceeded the sales revenue of the same period in the previous year by 32.9%. Throughout the year, a total of 6,264 new vehicles were sold, 1,422 of them in the fourth quarter. The net profit of the segment in 2023 was 11.2 million euros, exceeding the profit of the year before by 1.8 million euros. The pre-tax profit of the segment in 2023 was 13.3 million euros, which is 2.6 million euros more than the pre-tax profit in 2022. The pre-tax profit of the fourth quarter of 2023 was 1.9 million euros, which was 0.3 million euros less than the profit of the same period of the year before.

Overall, 2023 was a successful year for the car trade segment of the Group. The sales results of all companies in the car trade segment exceeded the results of 2022, and in total, the year ended with a new profit record. A car part crisis that impacted the supply at the beginning of the year, eased during the second half of the year. The normalised supply situation and the skilful planning of inventory allowed to increase sales; on the other hand, more promotional campaigns were organised due to fierce competition, affecting the sales margin. Price increases of new vehicles and the growing interest rates of loans made private customers careful when making purchase decisions, but it also increased interest in used vehicles among customers. There was some increase in interest in hybrid and electric vehicles, but the sales of electric cars did not show marked improvement. The volume of cars sold by the Group ensures that the follow-up service and body repair departments work at full capacity.

Thanks to KIA vehicles, the segment has secured a position among the four best companies on the Baltic car market. Similarly to the previous year, the Kia Sportage urban SUV and the KIA Ceed remained popular. At the end of 2023, the new models that were launched on the market included the KIA EV9 electric SUV, which is currently the only vehicle of its kind on the market. In addition, the middle class sedan Škoda Superb and the Škoda Kodiaq are going to be added to the selection.

The most important event of 2023 is, without a doubt, being granted the sales rights for Škoda in Lithuania, and finding the suitable rental premises for a start-up showroom in Vilnius by the end of the year. This allows us to start selling new Škoda vehicles in Vilnius soon.

<u>Security segment</u>

The external sales revenue of the security segment in 2023 was 15.7 million euros, increasing by 59.5% compared to the year before. The pre-tax loss in 2023 was 0.1 million euros. The pre-tax loss increased by 0.2 million euros compared to last year. The external sales revenue was 5.3 million euros in the fourth quarter, increasing by 82.6% in comparison with the same period of the previous year. The pre-tax loss of the fourth quarter was 0.2 million euros, which is 0.2 million euros lower than in the same period of the year before.

The results of the fourth quarter were impacted by the activities and expenses related to the companies acquired during the summer. The provisioning of claims due to a bankruptcy of a cooperation partner had a significant impact on the profit. In December, SKARABEUS Julgestusteenistus OÜ and Caesari Turvateenis-tuse AS were merged with Viking Security AS, establishing a strong foundation for future growth. All business segments grew and demand for services remains high.

<u>Real estate</u>

The sales revenue earned in the real estate segment outside the Group was 6.6 million euros in 2023. Sales revenue increased by 6.9% compared to the previous year. The sales revenue earned in the segment outside the Group was 1.7 million euros in the fourth quarter. Sales revenue increased by 8.1% compared to the previous year. The pre-tax profit of the real estate segment in 2023 was 10.4 million euros, with the profit decreasing by 7.8%. The pre-tax profit of the fourth quarter of the segment was 2.8 million euros. Pre-tax profit decreased by 12.2% in the reference period.

Throughout the year, the increase in the sales profit of the segment has been supported by the successful operation of the department stores and the permanent occupation of retail premises. Although the economic environment is generally uncertain, the department stores of the segment have managed to increase their visitor numbers throughout the year, including in the final quarter of the year where the economic outlook deteriorated. The volatile economic conditions of the last few years have put the catering sector in a very complicated situation. During the year 2023, the number of visitors of the retail premises in the city centre of Tallinn was significantly impacted by the road reconstruction works in the area. Traffic restrictions due to partially closed streets continue to have a big impact on the activity of the tenants. Carefully positioned marketing campaigns have supported the success of shopping centres. In the second half of 2023, the Tartu Kaubamaja department store launched a new updated image campaign that focuses on excessive consumption and carries the message ‘Choose rarely, but choose well’. The following Christmas campaign continued and endorsed the same message.

The sales revenue of the segment was further increased by a car wash, opened in May, which was completed as an extension of the gas station at Raudkivi tee 1, located in the immediate vicinity of Peetri Selver, and is leased to an external party. In June, the solar park of the Viimsi Shopping Centre, and in November, the solar park of Põltsamaa Selver were ready to be taken into use. The power produced by all solar parks of the company is primarily used to cover the local power consumption needs of the buildings. In 2023, the segment invested 0.5 million euros in increasing energy efficiency as part of its sustainability strategy. The drop in the profits of the segment is largely due to the increased interest rates in the euro area, leading to the skyrocketing of loan interest. Most of the loan portfolio of the Group is concentrated in the real estate segment, where the interest expense has multiplied during the reference period. The annual fair value assessment of real estate investments affected the fourth-quarter profit of the segment. The increase in the value of the assets of the previous year exceeded the growth of the reporting year, as a result of which the profit of the final quarter was 0.4 million euros smaller. The profit of 2023 also reflects a financial compensation (0.5 million) paid due to a premature termination of a lease agreement.

Real estate companies focus on the implementation of the sustainability strategy and pay constant close attention to improving the energy efficiency of buildings and developing environmentally friendly solutions. For the purposes of energy efficiency, they continue to improve the automated heating and ventilation systems of buildings and the instalment of remote meters. In November, TKM Kinnisvara AS and Enefit Volt partnered to build a total of 31 new public electric vehicle charging stations to the car parks of 11 Selver stores. Approximately half of stations (15 pcs) are super-fast charging stations where it is possible to charge the necessary amount of energy for driving 100 km in only a few minutes. During the second half of the year, TKM Kinnisvara AS started the development of the logistics centre in Maardu to cover the needs of the Group. The centre will have a total area of 17,200 m2 and it will cost around 20 million euros to build. The construction of the logistics centre is financed from the Group's own funds and a bank loan. A solar park will be built on the roof of the centre, which will cover a significant part of the electricity consumption of the building. The completion of the logistics centre is scheduled for autumn 2024.

Personnel

The average number of employees of Tallinna Kaubamaja Group in 2023 was 4,724, increasing by 0.6% compared to 2022. Total labour costs (wage costs and social tax costs) in 2023 were 108.7 million euros, an increase of 11.5% compared to the previous year. In the fourth quarter, labour force costs increased by 7.8% in comparison with the year before, while the average number of employees decreased by 0.5%. The average monthly wage cost per employee increased by 8.1% in the fourth quarter and by 10.9% in the whole year.

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 and reflects transactions with related parties.

Raul Puusepp
Chairman of the Management Board

Tallinn, 18 January 2024

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT BOARD'S CONFIRMATION TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Chairman of the Management Board confirms the correctness and completeness of Tallinna Kaubamaja Grupp AS condensed consolidated interim financial statements (unaudited) for the period of the fourth quarter and 12 months of 2023 as set out on pages 15 - 40.

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, 18 January 2024

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros

	Note	31.12.2023	31.12.2022
ASSETS			
Current assets			
Cash and cash equivalents	2	42,064	22,436
Trade and other receivables	3	25,568	27,200
Inventories	5	98,254	89,194
Total current assets		165,886	138,830
Non-current assets			
Long-term receivables and prepayments	8	243	299
Investments in associates	7	1,732	1,722
Investment property	9	64,971	63,623
Property, plant and equipment	10	433,306	420,600
Intangible assets	11	25,370	21,723
Total non-current assets		525,622	507,967
TOTAL ASSETS		691,508	646,797
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings	12	48,820	97,107
Trade and other payables	13	114,573	111,449
Total current liabilities		163,393	208,556
Non-current liabilities			
Borrowings	12	258,857	190,825
Deferred tax liabilities	14	5,356	5,299
Provisions for other liabilities and charges		526	458
Total non-current liabilities		264,739	196,582
TOTAL LIABILITIES		428,132	405,138
Equity			
Share capital	15	16,292	16,292
Statutory reserve capital		2,603	2,603
Revaluation reserve		116,521	106,981
Retained earnings		127,960	115,783
TOTAL EQUITY		263,376	241,659
TOTAL LIABILITIES AND EQUITY		691,508	646,797

The notes presented on pages 20 to 40 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	IV quarter 2023	IV quarter 2022	12 months 2023	12 months 2022
Revenue	16	252,596	234,387	947,257	862,763
Other operating income		830	993	2,016	2,199
Cost of merchandise	5	-180,529	-166,806	-686,000	-624,435
Service expenses	17	-16,365	-17,235	-60,685	-63,268
Staff costs	18	-30,370	-28,184	-108,668	-97,458
Depreciation, amortisation and impairment losses	10,11	-10,113	-9,873	-40,770	-39,072
Other expenses		-89	-157	-894	-786
Operating profit		15,960	13,125	52,256	39,943
Finance income		46	1	86	4
Finance costs		-2,984	-1,551	-9,576	-5,197
Finance income on shares of associates accounted for using the equity method	7	74	37	240	197
Profit before tax		13,096	11,612	43,006	34,947
Income tax expense	15	-281	-982	-5,582	-5,462
NET PROFIT FOR THE FINANCIAL YEAR		12,815	10,630	37,424	29,485
Other comprehensive income:					
Items that will not be subsequently reclassified to profit or loss					
Revaluation of land and buildings	10	11,989	0	11,989	0
Other comprehensive income for the financial year		11,989	0	11,989	0
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		24,804	10,630	49,413	29,485
Basic and diluted earnings per share (euros)	19	0.31	0.26	0.92	0.72

.

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

The notes presented on pages 20 to 40 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

In thousands of euros

	Note	12 months 2023	12 months 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit		37,424	29,485
Adjustments:			
Interest expense		9,576	5,197
Interest income		-86	-4
Income tax expense		5,582	5,462
Depreciation, amortisation	10,11	40,538	39,017
Gain/loss from fair value adjustment of investment property	9	-452	-653
Loss on write-off of non-current assets	10	232	55
Profit on sale of non-current assets	10	-44	-42
Effect of equity method	7	-240	-197
Interest paid on lease liabilities	12	-3,720	-3,567
Corporate income tax paid		-224	-73
Change in inventories		-10,196	-22,801
Change in receivables and prepayments related to operating activities		2,316	-6,522
Change in liabilities and prepayments related to operating activities		1,315	-135
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		82,021	45,222
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	10	-24,041	-15,059
Proceeds from sale of property, plant and equipment	10	512	91
Purchase of investment property	9	-896	-280
Purchase of intangible assets	11	-1,905	-1,764
Business combination	6	-2,328	0
Cash acquired from business combination	6	71	0
Proceeds from government grant	10	0	133
Dividends received	7	230	220
Interest received		86	4
TOTAL CASH FLOWS USED IN INVESTING ACTIVITIES		-28,271	-16,655
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	12	47,793	24,567
Repayments of borrowings	12	-17,927	-17,732
Change in overdraft balance	12	-7,862	7,914
Payments of principal of leases	12	-17,435	-17,070
Dividends paid	15	-27,695	-27,695
Income tax on dividends	15	-5,299	-4,479
Interest paid		-5,697	-1,617
TOTAL CASH FLOWS USED IN FINANCING ACTIVITIES		-34,122	-36,112
TOTAL CASH FLOWS		19,628	-7,545
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	42,064	22,436
Net change in cash and cash equivalents		19,628	-7,545

The notes presented on pages 20 to 40 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 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 paid	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	37,424	37,424
Revaluation of land and buildings	0	0	11,989	0	11,989
Total comprehensive income for the reporting period	0	0	11,989	37,424	49,413
Reclassification of depreciation of revalued land and buildings	0	0	-2,449	2,449	0
Dividends paid	0	0	0	-27,696	-27,696
Total transactions with owners	0	0	0	-27,696	-27,696
Balance as of 31.12.2023	16,292	2,603	116,521	127,960	263,376

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

The notes presented on pages 20 to 40 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 fourth quarter and 12 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

	31.12.2023	31.12.2022
Cash on hand	1,261	1,294
Bank accounts	3,252	19,707
Overnight deposit	36,088	0
Cash in transit	1,463	1,435
Total cash and cash equivalents	**42,064**	**22,436**

Note 3. Trade and other receivables

in thousands of euros

	31.12.2023	31.12.2022
Trade receivables (Note 4)	22,456	19,822
Other short-term receivables	286	570
Total financial assets from balance sheet line “Trade and other receivables”	**22,742**	**20,392**
Prepayment for goods	1,619	5,250
Other prepaid expenses	1,150	1,510
Prepaid rental expenses	17	10
Prepaid taxes (Note 14)	40	38
Total trade and other receivables	**25,568**	**27,200**

Note 4. Trade receivables

in thousands of euros

	31.12.2023	31.12.2022
Trade receivables	19,355	16,509
Allowance for doubtful receivables	-151	-13
Receivables from related parties (Note 20)	542	408
Credit card payments	2,710	2,918
Total trade receivables	**22,456**	**19,822**

Note 5. Inventories

in thousands of euros

	31.12.2023	31.12.2022
Goods purchased for resale	97,478	88,460
Tare and materials	776	734
Total inventories	**98,254**	**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

	IV quarter 2023	IV quarter 2022	12 months 2023	12 months 2022
Write-down and write-off of inventories	3,393	2,966	12,353	11,678
Inventory stocktaking deficit	1,203	1,365	4,008	3,199
Total materials and consumables used	**4,596**	**4,331**	**16,361**	**14,877**

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 31.12.2023	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
KIA Auto UAB	Lithuania, Vilnius	Retail trade	100%	2007
TKM Beauty OÜ	Estonia, Tallinn	Retail trade	100%	2007
TKM Beauty Eesti OÜ	Estonia, Tallinn	Retail trade	100%	2007
Kaubamaja AS	Estonia, Tallinn	Retail trade	100%	2012
Kulinaaria OÜ	Estonia, Tallinn	Centre kitchen activities	100%	2012
Viking Motors AS	Estonia, Tallinn	Retail trade	100%	2012
Viking Security AS	Estonia, Tallinn	Security activities	100%	2014
UAB TKM Lietuva	Lithuania, Vilnius	Real estate management	100%	2017
Verte Auto SIA	Latvia, Riga	Retail trade	100%	2017
TKM Finants AS	Estonia, Tallinn	Commercial and finance activities	100%	2020
Walde AS	Estonia, Tallinn	Security activities	100%	2023

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 Julgestustee-nistus OÜ	Estonia	Security activities	13.07.2023	100%
Caesar Turvateenistuse AS	Estonia	Security activities	16.08.2023	100%

Tallinna Kaubamaja Grupp AS acquired on 15.02.2023 year 100% of the shares of AS Walde. AS Walde is a wholesaler of security systems, which is a certified distributor of 2N Telekomunikace, Honeywell and Anixter equipment, among others.

The acquisition of the shareholding of AS Walde enables to further strengthen its field of security services of the Group, which has been one of the Group's fastest growing business lines in recent years. The transaction creates opportunities to bring new products to the market and develop security system wholesale operations. The business of AS Walde will continue in its current form, and there will be no changes in the composition of AS Walde employees in connection with the transaction.

The table below provides an overview of acquired identifiable assets and liabilities of AS Walde at the time of acquisition.

in thousands of euros	Fair value
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	**-1,310**
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 Aktsiaselts 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 Aktsiaselts further strengthens Viking Security AS' business in different areas of activity.

The table below provides an overview of acquired identifiable assets and liabilities of Caesari Turvateenistuse AS at the time of acquisition.

in thousands of euros	Fair value
Cash and cash equivalents	13
Trade receivables	34
Inventories	17
Property, plant and equipment	5
Goodwill (Note 11)	553
Liabilities	-140
Total identifiable net assets	**482**
Consideration of ownership interest	482
Paid for ownership interest in cash	**416**
Payable in future for the ownership interest in cash	68
Cash and cash equivalents in the acquired entity	-13
Net outflow of cash – investing activities	**-403**
Payable in future for the ownership interest in cash	68

Goodwill 553 thousand euros was acquired (Note 11).

To increase efficiency, the plan is to merge the activities of Skarabeus Julgestusteenistus OÜ and Caesari Turvateenistuse AS in the group that are involved in security business. Both Skarabeus Julgestusteenistus OÜ and Caesari Turvateenistuse AS (companies to be acquired) merged into Viking Security AS (acquiring company). The merger agreement related to the above-mentioned merger was signed on 26.09.2023. The merger registered in the Commercial Registry 06 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

	31.12.2023	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	240	197
Dividends received	-230	-220
Investment in the associate at the end of the accounting period	**1,732**	**1,722**

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

	31.12.2023	31.12.2022
Current assets	138	76
Non-current assets	3,388	3,425
Current liabilities	59	57
Owner's equity	3,467	3,444

	IV quarter 2023	IV quarter 2022	12 months 2023	12 months 2022
Revenue	208	135	620	540
Net profit	152	74	460	395

Note 8. Long-term trade and other receivables

in thousands of euros

	31.12.2023	31.12.2022
Prepaid rental expenses	205	198
Deferred tax asset	37	33
Other receivables	1	68
Total long-term trade and other receivables	**243**	**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	896
Net profit from fair value adjustment	452
Carrying value as at 31.12.2023	**64,971**

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 12 months of 2023 amounted to 896 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 and renovation of sports club of the Estonian real estate object in the Viimsi centre amounted to 341 thousand euros. Renovation works were carried out in Tartu Kaubamaja centre in the amount of 161 thousand euros. In Rae County, Raudkivi tee 1, opening of car wash amounted to 394 thousand euros.

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.

As a result of the valuation in 2023 in Estonia, the fair values of investment property increased in the amount of 1,129 thousand euros (2022: 694 thousand euros) and decreased in the amount of 664 thousand euros (2022: 0 euros). As a result of the valuation in current year in Latvia, the fair values of investment property increased in the amount of 418 thousand euros (2022: 187 thousand euros) and decreased in the amount of 431 thousand euros (2022: 228 thousand euros).

Net fair value adjustment of investment property in current period is recorded in the income statement line “Other operating income” in the amount of 452 thousand euros (2022: 653 thousand euros).

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	7,264	0	8,904	7,101	772	24,041
Acquired through business combinations (Note 6)	0	0	270	16	0	286
Addition to right-of use assets	0	10,307	0	0	0	10,307
Other reclassifications	0	0	273	0	0	273
Reclassification to intangible assets (Note 11)	0	0	0	0	-1	-1
Reclassification to inventory	0	0	-360	0	0	-360
Reclassification to property, plant and equipment from inventory	0	0	1,871	1	15	1,887
Disposals	-30	0	-432	-6	0	-468
Write-offs	-87	0	-75	-70	0	-232
Decrease/increase in value through profit or loss	718	0	0	0	-112	606
Increase in value through revaluation reserve	11,989	0	0	0	0	11,989
Adjustment to right-of use assets	0	4,821	0	0	0	4,821
Depreciation	-6,942	-19,679	-7,186	-6,636	0	-40,443
31.12.2023						
Cost or revalued amount	211,550	247,112	73,723	59,922	24,175	616,482
Accumulated depreciation and impairment	0	-89,527	-43,264	-41,414	-8,971	-183,176
Carrying value	**211,550**	**157,585**	**30,459**	**18,508**	**15,204**	**433,306**

The cost of investments for the 12 months of 2023 amounted to 25,946 thousand euros (including purchases of property, plant and equipment in the amount of 24,041 thousand euros and purchases of intangible assets amounted to 1,905 thousand euros).

The cost of purchases of property, plant and equipment made in reporting period in the supermarkets business segment was 17,808 thousand euros. During the reporting period, Ringtee Selver in Tartu, Järve Selver in Tallinn, which offers the largest selection of food products in Estonia, and Delice, a food store in the Solaris centre, underwent a thorough renovation. The stores were transferred to Selver's new energy-saving technical systems and interior design concept. Additionally, during the reporting period, Selver opened a hypermarket next to the IKEA department store in Kurna village. During the reporting period, computing equipment was purchased and the store fittings were renewed.

The cost of purchases of property, plant and equipment in the business segment of department stores amounted to 2,170 thousand euros. During the reporting period, a completely renovated I.L.U. beauty shop in Ülemiste center and in Kristiine center 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 1,339 thousand euros in the car trade business segment.

The cost of purchases of property, plant and equipment in the reporting period was 388 thousand euros in the security business segment.

The cost of purchases of property, plant and equipment in the real estate business segment amounted to 2,336 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. Viimsi Centre and Pirita Selver solar park have been completed. The design work of the new Selver is underway in Tartu. TKM Kinnisvara AS started the development works of the logistics centre in Maardu for the needs of the Group.

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. On 2023 August TKM Kinnisvara AS and AS Merko Ehitus Eesti signed a contract for the construction of the logistics centre. The value of the contract is approximately 20 million euros plus VAT. The 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.

At the year-end 2023, the fair value of “Land and buildings” and recoverable amount of “Construction in progress” was assessed. The fair values of “Land and buildings” and the recoverable amounts of buildings under construction (based on the value in use) were determined based on management’s judgment, using the estimates of certified independent real estate experts for determining the inputs to be used or the fair value of the items. The discounted cash flow model and market data (comparable transactions, rental income, etc.) were both used for determining fair values as well as recoverable amounts.

The discount rates used for estimation of “Land and Buildings” located in Estonia were 8.0%-12.9% (2022: 8.0%-11.5%) depending on the location of the property and the rental growth rates were 1.0%-2.5% (2022: 1.0%-2.5%). For the purpose of estimating the value of “Land and buildings”, the rental agreements in force have been used for determining the input of the rental price, which management believes correspond to the market conditions.

As a result of the revaluation in 2023 the value of “Land and buildings” located in Estonia increased by 12,416 thousand euros which was recognized through revaluation reserve. In 2022 the value of “Land and buildings” located in Estonia was adjusted neither upwards nor downwards.

The discount rates used for estimation of “Land and Buildings” located in Latvia were 8.0%-9.0% (2022: 8.5%) and the rental growth rates were 1.5%-2.5% (2022: 2.0%-2.5%). As a result of the revaluation in 2023 the value of “Land and buildings” located in Latvia decreased by 427 thousand euros, which was recognized through revaluation reserve, and increase in value was recognized through profit and loss in the amount of 718 thousand euros.

As a result of the revaluation in 2022 the value of “Land and buildings” located in Latvia was adjusted neither upwards nor downwards.

As a result of the revaluation in 2023 and 2022 the value of “Land and buildings” located in Lithuania was adjusted neither upwards nor downwards.

The value of “Construction in progress” located in Estonia decrease in value was recognized through profit and loss in the amount of 163 thousand euros. In 2022 the value of “Construction in progress” located in

Estonia increase in value was recognized through profit and loss in the amount of 122 thousand euros.

The value of “Construction in progress” located in Latvia increased by 51 thousand euros and was recognized through profit and loss (2022: 86 thousand euros).

The value of “Construction in progress” located in Lithuania was adjusted neither upwards nor downwards in 2023 and 2022.

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	1,905	1,905
Acquired through business combinations (Note 6)	2,180	153	0	111	2,444
Reclassification to property, plant and equipment	0	0	0	-2	-2
Reclassification from property, plant and equipment (Note 10)	0	0	0	1	1
Amortisation	0	-291	-18	-392	-701
31.12.2023					
Cost	19,049	2,243	120	7,430	28,842
Accumulated amortisation and impairment	0	-1,153	-49	-2,270	-3,472
Carrying value	**19,049**	**1,090**	**71**	**5,160**	**25,370**

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 1,905 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	31.12.2023	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

	31.12.2023	31.12.2022
Short-term borrowings		
Overdraft	7,361	15,222
Bank loans	16,126	60,747
Lease liabilities	18,722	17,433
Other borrowings	6,611	3,705
Total short-term borrowings	**48,820**	**97,107**

in thousands of euros

	31.12.2023	31.12.2022
Long-term borrowings		
Bank loans	92,712	28,320
Lease liabilities	150,614	154,210
Other borrowings	15,531	8,295
Total long-term borrowings	**258,857**	**190,825**
Total borrowings	**307,677**	**287,932**

Borrowings received

in thousands of euros

	IV quarter 2023	IV quarter 2022	12 months 2023	12 months 2022
Overdraft	0	0	0	7,914
Bank loans	6,857	0	32,278	17,219
Other borrowings	5,463	5,553	15,515	7,348
Total borrowings received	**12,320**	**5,553**	**47,793**	**32,481**

Borrowings paid

in thousands of euros

	IV quarter 2023	IV quarter 2022	12 months 2023	12 months 2022
Overdraft	249	2,876	7,862	0
Bank loans	1,785	2,445	12,554	14,302
Lease liabilities	4,396	4,392	17,435	17,070
Other borrowings	1,813	823	5,373	3,430
Total borrowings paid	**8,243**	**10,536**	**43,224**	**34,802**

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

As of 31.12.2023, the repayment dates of bank loans are between 25.01.2024 and 26.12.2028 (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 5.22% (2022: 2.78%).

Lease agreements that form lease liabilities have been concluded for the term until 14.04.2040. Lease liability recorded in the balance sheet as at 31.12.2019 is recognised as a result of adoption of IFRS 16 on 01.01.2019. The lease payments are discounted at the Group's incremental borrowing rate. Weighted average interest rate used was 2.21% (31.12.2022: 1.97%).

Net debt reconciliation

in thousands of euros

	31.12.2023	31.12.2022
Cash and cash equivalents (Note 2)	42,064	22,436
Short-term borrowings	-48,820	-97,107
Long-term borrowings	-258,857	-190,825
Net debt	**-265,613**	**-265,496**
Cash and cash equivalents (Note 2)	42,064	22,436
Gross debt – fixed interest rates	-169,336	-177,825
Gross debt – variable interest rates	-138,341	-110,107
Net debt	**-265,613**	**-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)	19,628	7,861	-24,216	21,155	24,428
Interest accrued	0	0	-5,697	-3,720	-9,417
New lease contracts	0	0	0	-10,307	-10,307
Revaluation of lease liabilities	0	0	0	-4,821	-4,821
Net debt 31.12.2023	**42,064**	**-7,361**	**-130,980**	**-169,336**	**-265,613**

Note 13. Trade and other payables

in thousands of euros

	31.12.2023	31.12.2022
Trade payables	77,544	79,551
Payables to related parties (Note 20)	4,091	3,132
Other accrued expenses	997	209
Prepayments by tenants	4,092	3,501
Total financial liabilities from balance sheet line “Trade and other payables”	**86,724**	**86,393**
Taxes payable (Note 14)	12,151	10,365
Employee payables	12,242	11,059
Prepayments	3,456	3,433
Short-term provisions*	0	199
Total trade and other payables	**114,573**	**111,449**

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

Note 14. Taxes

in thousands of euros

	31.12.2023		31.12.2022	
	Prepaid taxes	Taxes payable	Prepaid taxes	Taxes payable
Prepaid taxes	40	0	38	0
Value added tax	0	5,810	0	4,635
Personal income tax	0	1,711	0	1,554
Social security taxes	0	4,132	0	3,745
Corporate income tax	0	110	0	67
Unemployment insurance	0	266	0	246
Mandatory funded pension	0	122	0	118
Total taxes	**40**	**12,151**	**38**	**10,365**

As of 31.12.2023 deferred tax liability on dividends in the amount of 5,356 thousand euros (31.12.2022: 5,299 thousand euros) is recorded in the balance sheet.

Note 15. Share capital

As of 31.12.2023 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

IV quarter 2023	Super markets	Depart-ment store	Car trade	Security	Real estate	Inter-segment transact-ions	Impact of lease accounting	Total seg-ments
External revenue	**165,009**	**34,861**	**45,744**	**5,253**	**1,729**	**0**	**0**	**252,596**
Inter-segment revenue	305	1,131	80	1,504	3,635	-6,655	0	0
Total revenue	165,314	35,992	45,824	6,757	5,364	-6,655	0	252,596
EBITDA	**11,001**	**2,972**	**2,504**	**-37**	**4,139**	**0**	**5,494**	**26,073**
Segment depreciation and impairment losses	-3,246	-712	-369	-141	-543	0	-5,102	-10,113
Operating profit/loss	**7,755**	**2,260**	**2,135**	**-178**	**3,596**	**0**	**392**	**15,960**
Finance income	302	326	13	1	367	-963	0	46
Finance income on shares of associates	0	74	0	0	0	0	0	74
Finance costs	-634	-767	-245	-33	-1,169	963	-1,099	-2,984
Income tax	-468	65	-906	0	1,028	0	0	-281
Net profit/loss	**6,955**	**1,958**	**997**	**-210**	**3,822**	**0**	**-707**	**12,815**
incl. in Estonia	6,955	1,958	1,245	-210	2,817	0	-707	12,058
incl. in Latvia	0	0	-31	0	1,034	0	0	1,003
incl. in Lithuania	0	0	-217	0	-29	0	0	-246
Segment assets	**156,977**	**79,049**	**51,868**	**9,125**	**306,956**	**-70,052**	**157,585**	**691,508**
Segment liabilities	**116,549**	**51,420**	**25,240**	**6,792**	**97,085**	**-38,290**	**169,336**	**428,132**
Segment investments in property, plant and equipment	1,616	397	543	100	1,750	0	0	4,406
Segment investments in intangible assets	0	745	6	2	1	0	0	754
Reversal of the im-pairment from previ-ous years of property, plant and equipment through profit or loss (Note 10)	0	0	0	0	606	0	0	606
Fair value adjustment of investment prop-erty (Note 9)	0	0	0	0	452	0	0	452
Increase in value through revaluation reserve of property, plant and equipment (Note 10)	0	0	0	0	11,989	0	0	11,989

in thousands of euros

IV quarter 2022	Super markets	Depart-ment store	Car trade	Security	Real estate	Inter-segment transact-ions	Impact of lease accounting	Total seg-ments
External revenue	**161,759**	**33,744**	**34,409**	**2,876**	**1,599**	**0**	**0**	**234,387**
Inter-segment revenue	325	1,054	142	1,590	3,660	-6,771	0	0
Total revenue	162,084	34,798	34,551	4,466	5,259	-6,771	0	234,387
EBITDA	**7,861**	**2,734**	**2,532**	**105**	**4,419**	**0**	**5,347**	**22,998**
Segment depreciation and impairment losses	-2,852	-685	-261	-95	-963	0	-5,017	-9,873
Operating profit/loss	**5,009**	**2,049**	**2,271**	**10**	**3,456**	**0**	**330**	**13,125**
Finance income	107	129	18	1	97	-351	0	1
Finance income on shares of associates	0	37	0	0	0	0	0	37
Finance costs	-214	-242	-113	-8	-370	351	-955	-1,551
Income tax	1,004	222	-887	32	-1,353	0	0	-982
Net profit/loss	**5,906**	**2,195**	**1,289**	**35**	**1,830**	**0**	**-625**	**10,630**
incl. in Estonia	5,906	2,195	1,215	35	1,619	0	-625	10,345
incl. in Latvia	0	0	129	0	221	0	0	350
incl. in Lithuania	0	0	-55	0	-10	0	0	-65
Segment assets	**148,441**	**93,787**	**58,291**	**4,554**	**288,605**	**-109,017**	**162,136**	**646,797**
Segment liabilities	**119,396**	**67,020**	**37,364**	**4,151**	**84,819**	**-79,255**	**171,643**	**405,138**
Segment investments in property, plant and equipment	3,611	1,099	224	62	72	0	0	5,068
Segment investments in intangible assets	0	611	0	2	0	0	0	613
Reversal of the im-pairment from previ-ous years of property, plant and equipment through profit or loss (Note 10)	0	0	0	0	208	0	0	208
Fair value adjustment of investment prop-erty (Note 9)	0	0	0	0	653	0	0	653

in thousands of euros

12 months 2023	Super markets	Depart-ment store	Car trade	Security	Real estate	Inter-segment transact-ions	Impact of lease accounting	Total seg-ments
External revenue	**620,160**	**110,457**	**194,384**	**15,656**	**6,600**	**0**	**0**	**947,257**
Inter-segment revenue	1,396	4,469	372	6,440	14,550	-27,227	0	0
Total revenue	621,556	114,926	194,756	22,096	21,150	-27,227	0	947,257
EBITDA	**33,447**	**5,790**	**15,399**	**512**	**16,724**	**0**	**21,154**	**93,026**
Segment depreciation and impairment losses	-12,431	-2,826	-1,313	-487	-4,034	0	-19,679	-40,770
Operating profit/loss	**21,016**	**2,964**	**14,086**	**25**	**12,690**	**0**	**1,475**	**52,256**
Finance income	1,084	1,309	151	3	1,319	-3,780	0	86
Finance income on shares of associates (Note 7)	0	240	0	0	0	0	0	240
Finance costs	-2,109	-2,869	-975	-99	-3,584	3,780	-3,720	-9,576
Income tax	-1,607	-163	-2,064	0	-1,748	0	0	-5,582
Net profit/loss	**18,384**	**1,481**	**11,198**	**-71**	**8,677**	**0**	**-2,245**	**37,424**
incl. in Estonia	18,384	1,481	9,116	-71	7,418	0	-2,245	34,083
incl. in Latvia	0	0	846	0	1,355	0	0	2,201
incl. in Lithuania	0	0	1,236	0	-96	0	0	1,140
Segment assets	**156,977**	**79,049**	**51,868**	**9,125**	**306,956**	**-70,052**	**157,585**	**691,508**
Segment liabilities	**116,549**	**51,420**	**25,240**	**6,792**	**97,085**	**-38,290**	**169,336**	**428,132**
Segment investments in property, plant and equipment (Note 10)	17,808	2,170	1,339	388	2,336	0	0	24,041
Segment investments in intangible assets (Note 11)	316	1,563	6	19	1	0	0	1,905
Reversal of the impair-ment from previous years of property, plant and equipment through profit or loss (Note 10)	0	0	0	0	606	0	0	606
Fair value adjustment of investment property (Note 9)	0	0	0	0	452	0	0	452
Increase in value through revaluation re-serve of property, plant and equipment (Note 10)	0	0	0	0	11,989	0	0	11,989

in thousands of euros

12 months 2022	Super markets	Depart-ment store	Car trade	Security	Real estate	Inter-segment transact-ions	Impact of lease accounting	Total seg-ments
External revenue	**594,853**	**105,152**	**146,767**	**9,817**	**6,174**	**0**	**0**	**862,763**
Inter-segment revenue	1,341	4,194	533	5,349	14,514	-25,931	0	0
Total revenue	596,194	109,346	147,300	15,166	20,688	-25,931	0	862,763
EBITDA	**24,482**	**5,008**	**11,827**	**477**	**16,584**	**0**	**20,637**	**79,015**
Segment depreciation and impairment losses	-11,263	-2,586	-894	-364	-4,581	0	-19,384	-39,072
Operating profit/loss	**13,219**	**2,422**	**10,933**	**113**	**12,003**	**0**	**1,253**	**39,943**
Finance income	332	401	75	2	270	-1,076	0	4
Finance income on shares of associates (Note 7)	0	197	0	0	0	0	0	197
Finance costs	-662	-719	-339	-18	-968	1,076	-3,567	-5,197
Income tax	-1,140	-228	-1,315	0	-2,779	0	0	-5,462
Net profit/loss	**11,749**	**2,073**	**9,354**	**97**	**8,526**	**0**	**-2,314**	**29,485**
incl. in Estonia	11,749	2,073	7,929	97	7,885	0	-2,314	27,419
incl. in Latvia	0	0	544	0	680	0	0	1,224
incl. in Lithuania	0	0	881	0	-39	0	0	842
Segment assets	**148,441**	**93,787**	**58,291**	**4,554**	**288,605**	**-109,017**	**162,136**	**646,797**
Segment liabilities	**119,396**	**67,020**	**37,364**	**4,151**	**84,819**	**-79,255**	**171,643**	**405,138**
Segment investments in property, plant and equipment (Note 10)	9,680	3,345	536	242	1,123	0	0	14,926
Segment investments in intangible assets (Note 11)	13	1,739	6	6	0	0	0	1,764
Reversal of the impair-ment from previous years of property, plant and equipment through profit or loss (Note 10)	18	0	0	0	208	0	0	226
Fair value adjustment of investment property (Note 9)	0	0	0	0	653	0	0	653

External revenue according to types of goods and services sold

in thousands of euros

	IV quarter 2023	IV quarter 2022	12 months 2023	12 months 2022
Retail revenue	222,646	214,178	844,757	783,266
Wholesale revenue	14,625	9,107	53,405	39,480
Rental income	2,664	2,578	10,605	10,172
Revenue for rendering services	12,661	8,524	38,490	29,845
Total revenue	**252,596**	**234,387**	**947,257**	**862,763**

External revenue by client location

in thousands of euros

	IV quarter 2023	IV quarter 2022	12 months 2023	12 months 2022
Estonia	232,875	217,667	854,455	791,157
Latvia	13,112	11,825	60,750	48,499
Lithuania	6,609	4,895	32,052	23,107
Total	**252,596**	**234,387**	**947,257**	**862,763**

Distribution of non-current assets* by location of assets

in thousands of euros

	31.12.2023	31.12.2022
Estonia	488,285	471,397
Latvia	33,307	32,712
Lithuania	2,298	2,136
Total	**523,890**	**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

	IV quarter 2023	IV quarter 2022	12 months 2023	12 months 2022
Rental expenses	310	242	780	630
Heat and electricity expenses	3,377	5,443	13,975	19,313
Expenses related to premises	2,858	2,752	11,133	10,145
Cost of services and materials related to sales	2,000	2,186	7,569	8,096
Marketing expenses	3,004	2,396	9,247	8,715
Other operating expenses	1,398	1,153	5,414	4,701
Computer and communication costs	1,963	1,808	7,516	7,194
Expenses related to personnel	1,455	1,255	5,051	4,474
Total services expenses	**16,365**	**17,235**	**60,685**	**63,268**

Note 18. Staff costs

in thousands of euros

	IV quarter 2023	IV quarter 2022	12 months 2023	12 months 2022
Wages and salaries	23,026	21,412	82,532	74,016
Social security taxes	7,344	6,772	26,136	23,442
Total staff costs	**30,370**	**28,184**	**108,668**	**97,458**
Average wages per employee per month (euros)	1,631	1,521	1,456	1,313
Average number of employees in the reporting period	4,706	4,692	4,724	4,697

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.

	IV quarter 2023	IV quarter 2022	12 months 2023	12 months 2022
Net profit (in thousands of euros)	12,815	10,630	37,424	29,485
Weighted average number of shares	40,729,200	40,729,200	40,729,200	40,729,200
Basic and diluted earnings per share (euros)	0.31	0.26	0.92	0.72

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 12 months 2023	Sales 12 months 2023	Purchases 12 months 2022	Sales 12 months 2022
Parent	252	88	213	10
Entities in the Parent's consolidation group	36,799	3,590	32,211	3,617
Members of management and supervisory boards	0	40	17	30
Other related parties	51	18	18	50
Total	**37,102**	**3,736**	**32,459**	**3,707**

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

Balances with related parties:

	31.12.2023	31.12.2022
Receivables from entities in the in the Parent's consolidation group	540	401
Members of management and supervisory boards	2	7
Total receivables from related parties (Note 4)	**542**	**408**

	31.12.2023	31.12.2022
Parent	24	21
Entities in the Parent's consolidation group	4,065	3,108
Other related parties	2	3
Total liabilities to related parties (Note 13)	**4 091**	**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, the Group has earned interest income on its deposits of available funds in the amount of 81 thousand euros, interest rate 1.27% (2022: 0 euros). As at 31 December 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 3,225 thousand euros (2022 12 months: 2,511 thousand euros). Short-term benefits to supervisory boards' members of the Group in reporting period including social taxes amounted to 861 thousand euros (2022 12 months: 862 thousand euros).

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