

# TALLINNA KAUBAMAJA GRUPP AS

Consolidated Interim Report for  
the Fourth quarter and 12 months of 2022  
(unaudited)

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## COMPANY PROFILE AND CONTACT DETAILS

The primary areas of activity of the companies of the Tallinna Kaubamaja Grupp AS (hereinafter referred to as the 'Tallinna Kaubamaja Group' or 'the Group') include retail and wholesale trade and rental activities. The Tallinna Kaubamaja Group employs more than 4,600 employees.

The Company is listed on the Tallinn Stock Exchange.

Registered office:	Kaubamaja 1 10143 Tallinn Republic of Estonia
Registry code:	10223439
Beginning of financial year:	1 January 2022
End of financial year:	31 December 2022
Beginning of interim report period:	1 January 2022
End of interim report period:	31 December 2022
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## MANAGEMENT REPORT

Management

In order to manage the Group the general meeting of the shareholders, held at least once in a year, elects supervisory board, which according to the articles of association may have 3 to 6 members. Members of the Group supervisory board are elected for three years. Members of the Group supervisory board are Jüri Kõo (chairman of the supervisory board), Enn Kunila, Gunnar Kraft and Meelis Milder. Andres Järving has applied for resignation from his position at the supervisory board as of 1<sup>st</sup> of January 2023. His resignation will be decided by the next ordinary general meeting of shareholders. The mandates of the remaining supervisory board members Jüri Kõo, Enn Kunila, Meelis Milder and Gunnar Kraft will expire on 20 May 2024. During the period between the general meetings the supervisory board plans actions of the company, organises management and accomplishes supervision over management actions. Regular supervisory board meetings are held at least 10 times in a year. In order to manage daily activities the supervisory board appoints member(s) of the management board of the 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 three years. Extension of the term of office of a member of the management board shall not be decided earlier than one year before the planned date of expiry of the term of office, and not for a period longer than the maximum term of office prescribed by the articles of association. Currently the management board of Group has one member. The term of office of the management board member Raul Puusepp was extended on 2020 and his term of office expires on 6 March 2023.

The law, the articles of association, decisions and goals stated by the shareholders and supervisory board are followed for managing the company. By Commercial Code a resolution on amendment of the articles of association shall be adopted, if at least two-third of the votes represented at a general meeting is in favour. A resolution on amendment of the articles of association shall enter into force as of making of a corresponding entry in the commercial register. The Group does not possess several classes of shares.

Structure of the company

The Group is reporting its economic activities under five operating segments as follows.

1. The operating segment of supermarkets is focused on the retail sales of food products and convenience goods.
2. The main area of activity of the department store segment is the retail sales of beauty and fashion products. The segment includes the retail sales of the department stores, as well as the beauty store chain.
3. The car trade segment is focused on the import and sale of cars and spare parts for cars.
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, 2022:

<b>Selver supermarkets</b>	Location	Shareholding as of 31.12.2022	Shareholding as of 31.12.2021
Selver AS	Estonia	100%	100%
Kulinaaria OÜ	Estonia	100%	100%
<b>Department stores</b>			
Kaubamaja AS	Estonia	100%	100%
TKM Finants AS	Estonia	100%	100%
OÜ TKM Beauty	Estonia	100%	100%
OÜ TKM Beauty Eesti	Estonia	100%	100%
AS TKM King	Estonia	0%	100%
Rävala Parkla AS	Estonia	50%	50%

	Location	Shareholding as of 31.12.2022	Shareholding as of 31.12.2021
<b>Car trade</b>			
TKM Auto OÜ	Estonia	100%	100%
KIA Auto AS	Estonia	100%	100%
AS Viking Motors	Estonia	100%	100%
SIA Forum Auto	Latvia	100%	100%
Verte Auto SIA	Latvia	100%	100%
KIA Auto UAB	Lithuania	100%	100%
<b>Security segment</b>			
Viking Security AS	Estonia	100%	100%
<b>Real estate</b>			
Tallinna Kaubamaja Kinnisvara AS	Estonia	100%	100%
OÜ Tartu Kaubamaja Kinnisvara	Estonia	100%	100%
SIA TKM Latvija	Latvia	100%	100%
TKM Lietuva UAB	Lithuania	100%	100%

On 7 July 2022, the Group announced to the stock exchange the decision to merge the companies Selver AS and AS TKM King. The merger was entered into the commercial register on 26 September 2022 and AS TKM King was deleted from the commercial register at the same time. In accordance with the merger agreement signed on 7 July 2022, Selver AS is the legal successor of AS TKM King, and all the assets of AS TKM King were transferred to Selver AS as a whole upon entering the merger into the commercial register. By now, all stores of AS TKM King are closed, and the wholesale business of AS TKM King has been merged with Selver AS.

#### Share market

Since 19 August 1997, the shares of the Group have been listed in the main list of securities of the Nasdaq Baltic and is today the oldest listed company in the Baltics. The Group has issued 40,729,200 registered shares, each with the nominal value of 0.40 euros. The shares are freely transferable, no statutory restrictions apply. There are no restrictions on transfer of securities to the company as provided by contracts between the company and its shareholders. We do not have information about contracts between the shareholders restricting the transfer of securities. NG Investeeringud OÜ has direct significant participation. Shares granting special rights to their owners have not been issued.

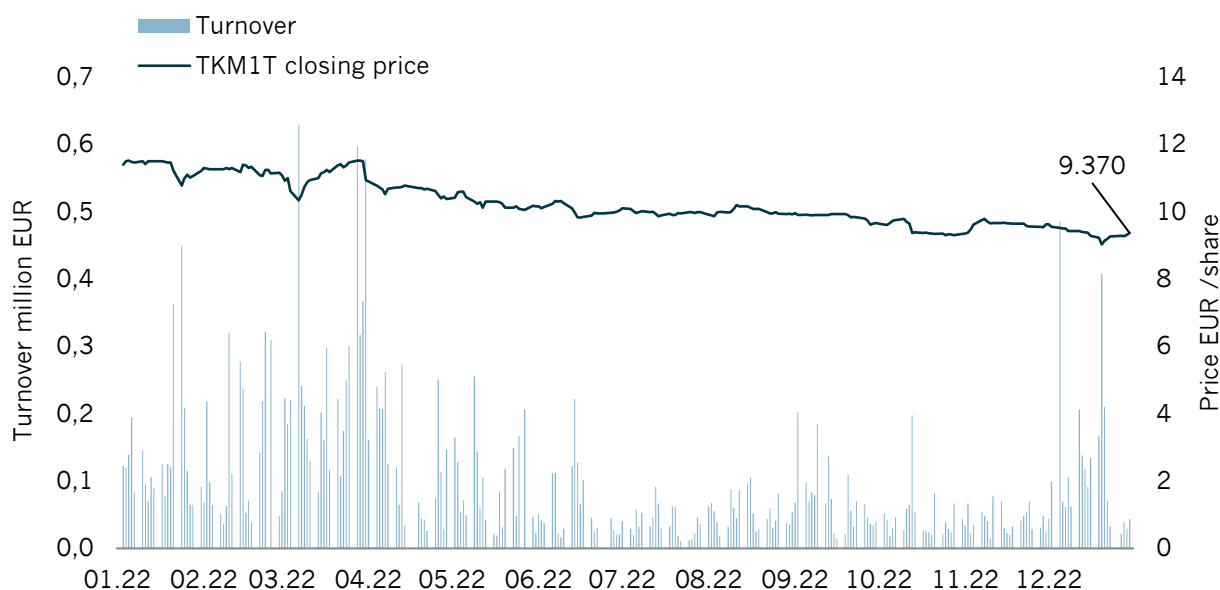
The members of the management board of the Group have no right to issue or buy back shares. In addition, there are no commitments between the company and its employees providing for compensation in mergers and acquisitions under article 19<sup>1</sup> of Stock Market Trade Act.

The share with a price of 11.22 euros at the end of 2021 was closed in the end of 2022 at the level of 9.37 euros, decreased by 16.5% in twelve months.

According to the notice of regular annual general meeting of the shareholders published on 22 February 2022, the management board proposed to pay dividends 0.68 euros per share. The general meeting of shareholders approved it.

Share price and trading statistics on the Tallinn Stock Exchange from 01.01.2022 to 31.12.2022.

In euros



SHARE	Q4/22	Q4/21	12M/22	12M/21
Average number of shares (1000 pcs)	40,729.2	40,729.2	40,729.2	40,729.2
Equity capital per share (EUR/share)	5.93	5.89	5.93	5.89
Share's closing price (EUR/share)	9.37	11.22	9.37	11.22
Earnings per share (EUR/share)	0.26	0.29	0.72	0.79

### Risks

The biggest risks of the Group in 2022 were related to geopolitical threats and the state of the global economy. In the reporting year, risks considered impossible for many years, such as Russian military aggression, the energy crisis and exceptionally fast inflation, materialised. This was accompanied by a sharp increase in interest rates in the fourth quarter and fears that the cooling effect of the interest rate hikes of central banks would reach Estonia with its open economy first, triggering an economic depression here.

This situation resulted in a significant increase in energy costs and the risk of a possible business interruption for the Group. To reduce energy costs, the new stores of the Group have been built to be as energy-efficient as possible. Existing business processes are reviewed with the aim of further optimising energy use. The opening hours of stores have been thoroughly analysed, gradually introducing changes based on the behaviour patterns of customers. More efficient cooling, heating, ventilation, and lighting solutions are also considered, and action plans for possible temporary power outages are prepared. Among other things, the Group is looking for solutions to ensure energy independence in the most important residential areas to make it possible to supply the population with food even in the event of a power outage. One part of the solution is the creation of solar energy plants on the properties of the Group. The Group has critically reviewed its development plans in the context of the war in Ukraine and has taken into consideration a higher risk of uncertainty.

The interest rates raised by central banks to limit inflation have led to a rapid increase in the Euribor rates used for interbank settlements. The volume of loan obligations exposed to interest risk of the Group as at 31 December 2022 was 110.1 million euros (see Annex 12). However, the mentioned interest rate increases in 2022 did not have a significant impact on the financial results of the Group.

### Sustainable entrepreneurship

In December, the Supervisory Board of the Group approved the TKM Group Sustainable Development Strategy 2023–2030. The purpose of the strategy is for the companies of the Group to contribute to reducing the negative impact of global climate change and to meet the climate goals of the European Union, as well

as to ensure the long-term profitable and responsible operational capacity of the Group. It is possible to read more about the strategy in the 2022 annual report of the Group.

In connection with the importance of the green transition for the future security of the Estonian state, the Group, together with more than sixty Estonian entrepreneurs, signed the Green Tiger joint statement, which encouraged the government, the press, and political parties to make the green transition a priority in the coming years and to help society understand its importance. The statement is available in Estonian [HERE](#).

Every year, the companies of the Group carry out charity campaigns to draw attention to problems in Estonian society. This Christmas, Kaubamaja cooperated with the non-profit association Laste ja Noorte Kriisiprogramm (Children and Youth Crisis Programme). According to Statistics Estonia, up to 500 children lose a close family member every year in Estonia. The Children and Youth Crisis Programme organises grief support camps for children, where they can share similar issues in an understanding and supportive environment. During the Christmas season, Kaubamaja sold handmade truffles at all cash registers, the proceeds of which were donated to organise the camps.

Selver conducted the 'Koos on kergem' ('Better together') campaign for the 20<sup>th</sup> time to collect donations for 16 children's hospitals and children's departments of hospitals across Estonia. In addition, several smaller projects were supported, such as the Tilsi community sports day, events organised by the Mustamäe and Tallinn City Centre District Administrations, a concert organised by the Hiiumaa women's voluntary defence organisation, and the event dedicated to the Father of the Year award. In addition, we participated in the reflector tree project of TalTech and Saku rural municipality.

The cooperation campaign with the Red Cross in support of Ukraine continued in the last quarter in Selver stores, Kaubamaja department stores, and I.L.U. cosmetics stores. During the year, a total of 90.2 thousand euros donations were collected.

Throughout the year, we tested and introduced environmentally friendly packaging solutions and recycling packaging. As expanded plastic is difficult to recycle due to the properties of the materials, but PET, on the other hand, can largely be recycled, Kulinaaria will replace its expanded plastic cake boxes with recyclable PET packaging. Sorting instructions will also be gradually added to the packages, so that it would be easier for the consumer to sort the different parts of the package into the correct waste containers.

Both Kaubamaja and Selver are testing different reusable packaging solutions to reduce the share of single-use plastic. In December 2022, Kaubamaja introduced recycling packaging made from textile waste. The packages are durable, water-repellent, and can be reused up to 20 times. They are made in Estonia by the local company Low imPACK. Kaubamaja is also the first major retail company in Estonia to introduce recycled packaging from textile scraps. On average, 87% of textile waste ends up in landfills, making up 22% of waste in the world. The new material has been developed in the TalTech laboratory, and it takes one to three T-shirts to make one package. Packages that are no longer suitable for recycling are crushed and used as construction material, thus reducing the amount of textile waste and giving it a new life cycle. In the long term, it will be possible to return Low imPACK recycling packaging to the respective collection points across Estonia. The system will be similar to the Ringo package return system, where the initial deposit is returned when the package is returned. Selver is already conducting the first tests with this system.

The renovation of Selver stores continued. The new interior design concept of Selver was introduced in Krooni Selver, located in Kroonikeskus in Rakvere: all rooms were renovated with the most modern and environmentally friendly technological solutions in mind. The new cold storage and freezing facilities of the store operate on a CO<sub>2</sub>-based cooling system, which ensures energy consumption savings of up to a fifth compared to older analogues. The residual heat is used in the ventilation system to heat the building and water. All faucets in all stores are equipped with aerators, which reduce the amount of water consumed.

### Economic environment

Based on the data of Statistics Estonia, as a result of rapid price increases, the Estonian economy declined by 2.4% in the third quarter of 2022. According to Statistics Estonia, professional, scientific, and technical activities had the strongest positive contribution to the economy in the third quarter. The biggest negative contribution came from agriculture and energy and from real estate activities. Wholesale and retail trade also had a slowing effect on the economy. According to Eesti Pank, the economy will grow 0.4% in 2023 mainly thanks to the increasing expenditures of the government sector. In 2022, the consumer price index increased by 19.4% compared to the average of 2021. In the year-on-year comparison, the price of electricity rose by 94.4%, gas by 123.8%, solid fuel by 73.5%, and thermal energy by 49.1%. Inflation that started with energy price increases also affected other areas in the second half of the year. In the fourth quarter, the price increase of food and non-alcoholic beverages (19.9% year-on-year) was the next largest increase after housing costs. The prices of clothing and footwear increased by 6.6%. In the fourth quarter, the consumer price index grew by 20.4%, with the prices of food and non-alcoholic beverages rising by 28.6% and the prices of clothing

and footwear by 8.8%. According to the estimates of analysts, inflation is slowly receding. Price growth will continue in 2023 at a slower pace, but significantly more broadly. According to the estimations of Eesti Pank, the price increase in 2023 will be 9.3%. According to the latest published data of Statistics Estonia, the average gross wage grew by 8.1% year on year in the third quarter of 2022. According to the estimates of Eesti Pank, the growth of the average salary is expected to be 8.7% in 2022 as a whole, but also for 2023.

According to Statistics Estonia, the total volume of retail turnover in Estonia in current prices increased by 18.8% in the first eleven months of 2022. The sales of motor fuel increased the most (50.0%), followed by the sales of second-hand goods (28.1%) and retail sales in other non-specialised stores (22.3%). Sales revenue in non-specialised stores (primarily foodstuffs) grew by 12.2% in total in the first eleven months of the year. Wholesale and retail sales and repair of motor vehicles and motorcycles increased by 17.6% in eleven months. According to the Estonian Association of Car Dealers and Service Companies, 20,426 new passenger vehicles were sold in Estonia in 2022, which is 8.6% less than in 2021. In the fourth quarter, however, the sales of new motor vehicles increased by 11.6%, mainly thanks to the recovered availability of cars. The confidence of Estonian consumers has been exceptionally low in the second half of 2022. According to Eesti Pank, more than one billion euros were disbursed from the second pillar in the third quarter of 2021, which allowed for more spending then. This resulted in a high benchmark that consumers currently lack the resources to overcome.

### Economic results

#### Financial ratios

In million EUR	Q4/22	Q4/21	Change %	12M/22	12M/21	Change %
<b>Revenue</b>	<b>234.4</b>	<b>217.5</b>	<b>7.7%</b>	<b>862.8</b>	<b>821.6</b>	<b>5.0%</b>
Selver supermarkets	161.8	151.4	6.8%	594.9	569.0	4.5%
Department stores	33.7	32.7	3.1%	105.2	93.4	12.6%
Car trade	34.4	29.6	16.2%	146.8	145.8	0.7%
Security	2.9	2.3	22.5%	9.8	8.2	20.1%
Real estate	1.6	1.5	10.2%	6.2	5.3	17.2%
<i>Gross profit margin%</i>	<i>26.83%</i>	<i>24.81%</i>	<i>8.2%</i>	<i>25.32%</i>	<i>24.34%</i>	<i>4.0%</i>
<b>EBITDA</b>	<b>23.0</b>	<b>23.0</b>	<b>-0.2%</b>	<b>79.0</b>	<b>80.2</b>	<b>-1.5%</b>
Selver supermarkets	7.9	9.2	-15.0%	24.5	31.8	-23.1%
Department stores	2.7	1.1	146.1%	5.0	1.8	181.3%
Car trade	2.5	1.8	38.5%	11.8	8.4	40.7%
Security	0.1	0.0	191.7%	0.5	0.4	26.5%
Real estate	4.4	5.5	-19.6%	16.6	17.4	-4.8%
IFRS 16	5.3	5.3	0.4%	20.6	20.4	1.3%
<i>margin</i>	<i>9.81%</i>	<i>10.59%</i>	<i>-7.4%</i>	<i>9.16%</i>	<i>9.76%</i>	<i>-6.2%</i>
<b>Operating profit</b>	<b>13.1</b>	<b>13.1</b>	<b>0.1%</b>	<b>39.9</b>	<b>41.2</b>	<b>-3.1%</b>
<i>margin</i>	<i>5.60%</i>	<i>6.03%</i>	<i>-7.1%</i>	<i>4.63%</i>	<i>5.02%</i>	<i>-7.7%</i>
<b>Net profit</b>	<b>10.6</b>	<b>11.7</b>	<b>-9.2%</b>	<b>29.5</b>	<b>32.0</b>	<b>-7.9%</b>
<i>margin</i>	<i>4.54%</i>	<i>5.38%</i>	<i>-15.8%</i>	<i>3.42%</i>	<i>3.90%</i>	<i>-12.3%</i>
<b>Earnings per share (EUR)</b>	<b>0.26</b>	<b>0.29</b>	<b>-9.2%</b>	<b>0.72</b>	<b>0.79</b>	<b>-7.9%</b>



## Key ratios

	Q4/22	Q4/21	12M/22	12M/21
Return on equity (ROE)	4.5%	5.1%	12.2%	14.7%
Return on assets (ROA)	1.7%	1.9%	4.6%	5.4%
Quick ratio	0.67	0.78	0.67	0.78
Debt ratio	0.63	0.62	0.63	0.62
Inventory turnover (multiplier)	1.87	2.28	7.00	8.88
Sales revenue per employee (in million EUR)	0.050	0.046	0.184	0.169
Average number of employees	4,692	4,728	4,697	4,864

<i>Return on equity (ROE)</i>	<i>= Net profit / Average owners' equity * 100%</i>
<i>Return on assets (ROA)</i>	<i>= Net profit / Average total assets * 100%</i>
<i>Quick ratio</i>	<i>= Current assets / Current liabilities</i>
<i>Debt ratio</i>	<i>= Total liabilities / Balance sheet total</i>
<i>Inventory turnover (multiplier)</i>	<i>= Cost of goods sold / inventories</i>
<i>Sales revenue per employee</i>	<i>= Sales revenue / Average number of employees</i>
<i>Gross profit margin%</i>	<i>= (Sales revenue - Cost of goods sold) / Sales revenue * 100%</i>

In the fourth quarter of 2022, the consolidated unaudited sales revenue of the Group was 234.4 million euros, which was 7.7% more than the sales revenue of the same period of last year. The sales revenue of 2022 was 862.8 million euros, showing a growth of 5.0% compared to the result of 2021, when the sales revenue was 821.6 million euros. In the fourth quarter of 2022, the unaudited consolidated net profit of the Group was 10.6 million euros, which was 9.2% lower than the profit of the comparable period in the previous year. The net profit of the Group in 2022 was 29.5 million euros, which was 7.9% lower than the result of the previous year. The pre-tax profit earned in 2022 was 34.9 million euros, which was 4.2% less than the year before.

The economic results of the Group in the fourth quarter showed a positive development compared to the third quarter. The growth of sales revenue picked up a bit, and the decline in profit slowed down. Compared to the previous year, the sales revenue of all segments increased in the fourth quarter. The car segment showed the fastest growth in the fourth quarter, where the improvement in the availability of cars revived the entire market. Regardless of the high price pressure, the Group was able to maintain a strong sales margin thanks to good inventory management and well-thought-out sales campaigns. The increase in energy costs continued, which increased comparable costs by 10.0 million euros during the year, accounting for the lion's share of the increase in service costs. The increase in energy costs was also the main reason in the slowdown of the profit of the segments, negatively affecting the profit of the supermarkets segment the most. In the real estate segment, the annual revaluation of investment properties took place in the fourth quarter, where the increase in the value of assets was 1.3 million euros lower than a year earlier, leading to a decrease in the quarterly profit of the segment. The net profit of the Group in 2022 decreased by 2.3 million euros due to the calculated loss from lease contracts based on the application of IFRS 16 (in 2021, the respective figure was 2.9 million euros). Due to high inflation, expectations of wage growth for employees have increased. The labour costs of the Group increased by 8.6% in the fourth quarter, while the number of employees decreased by 0.8% as a result of optimising operations. Although the Group's 2022 EBITDA (earnings before financial income and expenses and depreciation) decreased by only 1.5% compared to the previous year, the Group's cash flow from operations decreased significantly. The largest financial contribution was made to normalize the inventory of the car trade segment, which was depleted by the beginning of 2022. In addition, the regulatory shortening of payment terms in the groceries and the reduction of related debts to suppliers had a significant impact.

In October, a new Selver store was opened in Tabasalu near Tallinn, which was long awaited by the local community. Tabasalu Selver was one of the first commercial spaces opened in the new A energy class Tabasalu Centre (13,000 square metres of service and office space). In the fourth quarter, Krooni Selver underwent a comprehensive renovation: the warehouse, sales hall, and office and utility rooms were renovated with the most modern and environmentally friendly technological solutions in mind. The new interior design concept of Selver was introduced in the sales hall. Further developments continued on the Partnerkaart application completed in August, which was one of the most anticipated digital developments among our customers. The Partnerkaart app has all the functions of the Partnerkaart card – it works as a scanner and a means of payment. The focus is still on updating the platforms of the e-stores, for which demand is growing, and developing services. In September, the party snacks of Selveri Köök, previously ordered from a separate environment, were integrated into the eSelver platform, enabling customers to conveniently order

from both the grocery store and Selveri Köök with one order and delivery to a significantly expanded area. Construction works for the creation of a solar park on the roof of the Pirita Selver building, where electricity is used for own consumption, was completed. A similar park is under construction on the roof of the Viimsi Centre. One of the major renovation projects of the sales space in the first half of 2022 was the opening of the renovated Naistemaailm in the Kaubamaja in Tallinn in the first quarter, where both the physical environment and the selection of brands were updated. In June, the new Priisle Selver was opened in the Lasnamäe district in Tallinn. In September, the completely renovated I.L.U. cosmetics store was opened with a new concept in the Pärnu Keskus Centre. A renewed store was also opened in Rocca al Mare in October. In accordance with the strategic decision to stop selling shoes in stand-alone shoe stores, all ABC King and SHU stores were closed by the end of the second quarter.

As at 31 December 2022, the volume of the assets of Tallinna Kaubamaja Group was 646.8 million euros – an increase of 3.9% compared to the results at the end of 2021 without the impact of IFRS 16.

At the end of the reporting period, the number of loyal customers was more than 704,000, which is 0.4% more than the year before. The proportion of loyal customers in the Group's supermarkets and department stores sales revenue was 84.4% (in 2021, it was 85.5%).

### Selver supermarkets

The consolidated sales revenue of the supermarkets business segment in 2022 was 594.9 million euros, increasing by 4.5% compared to the previous year. The consolidated sales revenue was 161.8 million euros in the fourth quarter, increasing by 6.8% in comparison with the same period of last year. The average monthly sales revenue per square metre of sales area in 2022 was 0.42 thousand euros, increasing by 3.7% compared to the same period last year. In the fourth quarter, the respective indicator was 0.45 thousand euros, which is 4.7% more than in the same period last year. In terms of comparable stores, the sales revenue of goods per square metre in 2022 was 0.43 thousand euros, growing by 3.7% compared to the same period last year. In the fourth quarter, the respective indicator was 0.46 thousand euros, which is 4.3% more than in the same period last year. In 2022, 43.7 million purchases were made from the stores, which was 2.2% higher than in the reference year.

On 1 October, Selveri Köök joined the e-Selver ordering environment. In the first months of the year, the production volume of Selveri Köök reached close to the pre-pandemic level, but inflation and a significant decrease in consumer confidence led to a decrease in the consumption volume, especially in desserts and party snacks, at the beginning of autumn.

In the fourth quarter of 2022, the consolidated pre-tax profit was 4.9 million euros – 1.4 million euros lower than during the reference period. The consolidated net profit was 5.9 million euros, improving by 2.8% compared to the previous year. The consolidated pre-tax profit of the supermarkets segment in 2022 was 12.9 million euros, decreasing by 7.6 million euros in comparison with the previous year. In 2022, the net profit was 11.7 million euros, which signifies a decrease of 6.6 million euros in comparison with the previous year. The difference between the net profit and pre-tax profit arises from the income tax paid from dividends.

The economic results of 2022 were affected by the increased turnover of the new Priisle and Tabasalu Selver supermarkets opened in Tallinn, as well as the one-time costs and investments made for the openings. The results were also affected by the closure of Krooni Selver in Rakvere for renovation and the one-time expenses and investments related to this project. The results of the supermarkets segment have been significantly affected by accelerated inflation, the war in Ukraine, and the effects of COVID-19 included in the reference base. The 2022 reference base was lower by the costs associated with the rebranding of Selver ABC stores and the negative effects of temporary store closures. The reference base was higher due to one closed store and a significantly higher e-commerce and manufactured goods basis on the crest of the 2021 health crisis in the first half of the year. Due to high food inflation, the decline in the volume sales of foodstuffs worsened in the fourth quarter. The increase in prices was mostly caused by price increases on the part of food producers and the increase in the price of energy carriers, which increased the operating costs of companies, which in turn are transferred to the final prices of products and services. The impact of inflation is mitigated by customers buying campaign products in larger quantities. The share of discounted products in the shopping basket increased to almost half of the shopping basket in the fourth quarter. In the last quarter of the year, e-commerce turnover grew at a similar pace to retail turnover, but the results of the whole year remained 3% below the level of 2021 due to the big drop in the second quarter. In order to fight the price pressure, Selver has taken actions to increase efficiency. During the renovations, the equipment has been replaced with more environmentally friendly and energy-efficient alternatives. During the year, self-service payment terminals have been introduced in all stores. The Partnerkaart application, launched in the third quarter, is very popular among our customers. Various IT solutions have been developed, that have had a positive impact on labour efficiency and the main process of handling goods. The economic results of the

segment are strongly affected by the significant increase in the price of electricity (increase of 8.4 million euros in twelve months), significantly increasing the operating expenses of the segment. The exceptionally high level of inflation has also led to strong pressure on the increase in wages, the growth rate of which has been faster than the growth of sales revenue.

With the merger decision of 9 August 2022, the internal restructuring of TKM Group was carried out, during which Selver AS and TKM King AS merged. TKM King was deleted from the commercial register after the merger. By the time of the merger, all retail stores of TKM King AS had been closed, and the wholesale business of TKM King AS had been merged with Selver AS. The merger will not have a significant impact on the economic results of Selver AS.

In January 2023, renovation works will begin in Ringtee Selver in Tartu and the store on Saaremaa will be closed due to worse than expected economic results.

As at the end of 2022, the supermarkets segment includes 73 Selver stores, 1 Delice store, the Solaris grocery store, the mobile store, and a café, with a total sales area of 117.5 thousand m<sup>2</sup>. In addition, it includes e-Selver, which has the largest service area in Estonia, and the central kitchen Kulinaaria OÜ.

### Department stores

In 2022, the Kaubamaja department stores business segment earned a sales revenue of 105.2 million euros, which is 12.6% more than last year. In the fourth quarter, the sales revenue of the Kaubamaja department store segment amounted to 33.7 million euros, which was 3.1% better than the result in the same period the year before. The pre-tax profit of the segment in 2022 was 2.3 million euros. The profit increased by 3.0 million euros over the year. The pre-tax profit of the fourth quarter was 2.0 million euros, being 1.7 million euros higher than the result of the same period of the year before.

The annual average sales revenue of Kaubamaja department stores per square metre of selling space was 0.3 thousand euros per month, which is 18% higher than in the same period last year. One of the biggest news for the customers of the Kaubamaja department store in the first half of 2022 was the opening of the renovated Naistemaailm in Tallinn, where both the physical environment and the selection of brands were updated. The shopping behaviour of customers is increasingly characterised by the keywords quality, sustainability, and planning – they visit stores less often, think through their purchases, and make larger purchases at once. In the last year, the number of visits to physical stores grew significantly, which indicates the easing of the fear of the coronavirus and the interest to enjoy the shopping experience in physical stores as well. There has been noticeable activity among foreign tourists as well. Trade and leisure in the city centre area have also been stimulated by the distinctive concept of the new Toidumaailm (Food department) in Tallinn, where high-quality and a unique assortment of goods are valued above all. The campaigns of last year showed good sales results and a higher percentage of total sales of goods. In summer, Kaubamaja launched the sustainable product labelling project 'World. One and only', which helps to make sustainable choices in the e-store. The label has been very popular among our customers. In December, Kaubamaja was the first major retail company to introduce recycled packaging made from textile scraps, which can be reused up to 20 times. The goal is to reduce packaging waste caused by e-commerce, offering customers the opportunity to recycle the boxes. Kaubamaja ended the year with a successful Christmas season and, as part of a charity project, donated to the non-profit association Laste ja Noorte Kriisiprogramm (Children and Youth Crisis Programme) to organise grief support camps for children in 2023.

In the fourth quarter of 2022, the sales revenue of OÜ TKM Beauty Eesti, which operates the I.L.U. cosmetics stores, was 2.3 million euros, which is 13.2% more than in the fourth quarter of 2021. In the fourth quarter of 2022, the profit was 0.1 million euros, which is 0.04 million euros less than in the comparable period in 2021. The most important event of the fourth quarter was the opening of the renewed I.L.U. cosmetics store in Rocca al Mare, during which 27 new beauty brands were added to the store selection and the area of skin care and exclusive perfumes was expanded. The sales revenue of 2022 was 6.7 million euros, which is 20.7% more than in the same period of 2021. The profit in 2022 was 0.3 million euros, which was 0.03 million euros more than in the comparable period in 2021. The most important keywords of the year are the development of the new concept and brand of I.L.U. cosmetics stores and investments for the modernisation of the stores in Pärnu and Rocca al Mare.

The activities of AS TKM King, previously reported in the Kaubamaja department store segment, ended on 26 September 2022, when the merger with Selver AS was entered into the commercial register and AS TKM King was deleted from the commercial register.

### Car trade

The sales revenue of the car trade segment in 2022 was 146.8 million euros, which was 0.7% higher than the result of the previous year. The sales revenue of 34.4 million euros in the fourth quarter exceeded the sales revenue of the same period in the previous year by 16.2%. In 2022, a total of 5,134 new vehicles were sold, 1,139 of them in the fourth quarter. The net profit of the segment in 2022 was 9.4 million euros, exceeding the profit of the year before by 2.4 million euros. The pre-tax profit of the segment in 2022 was 10.7 million euros, which is 3.3 million euros more than the pre-tax profit in 2021. The pre-tax profit of the fourth quarter of 2022 was 2.2 million euros, which is 0.6 million euros more than the profit of the same period of the year before.

The year 2022 ended successfully for the car segment of the Group. The results of all companies in the car segment exceeded the results of 2021 and in total, the year ended with a new profit record. This was contributed by new business directions such as the full-service vehicle rental service, which is very popular among our customers, the steadily growing Škoda business in Latvia, and the sale and service of KIAs in Lithuania. The year 2022 as a whole was most affected by a supply shortages of new cars, which at the same time provided an opportunity to earn a higher profit margin. The delivery and availability of KIA vehicles was somewhat better than in the case of other brands we represent, such as Škoda and Peugeot. At the same time, the share of electric and hybrid cars in sales was still marginal due to their limited availability in our market.

Thanks to KIA vehicles, the segment has secured a position among the top 4 of the Baltic car market. In Estonia, KIAs were in third place in terms of sales. The best-selling models were the KIA Sportage SUV and the KIA Ceed series. In 2023, we will add the KIA E-Niro electric car and the Peugeot 408 mid-class SUV to our selection, as well as several Škoda model updates.

### Security segment

The sales revenue of the security segment outside the Group in the fourth quarter of 2022 was 2.9 million euros, increasing by 22.5% in comparison with the same period of last year. The segment had a zero pre-tax profit in the fourth quarter, but the result was 0.1 million euros better than in the same period last year. The sales revenue of the security segment outside the Group in 2022 was 9.8 million euros, increasing by 20.1% in comparison with the last year. The pre-tax profit earned in 2022 was 0.1 million euros. The pre-tax profit increased by 0.1 million euros compared to previous year.

The fourth quarter was successful in all business areas. The field of technical projects showed the fastest growth, where several large projects, delayed for various reasons in the first half of the year, were finally realised. 2022 was a successful year as a whole – both the turnover and profit of the company grew. There was a strong growth in the portfolio of services and a slight decline in the construction of security engineering projects. Increases in almost all input prices and labour shortages presented major challenges, which the company was able to cope with by increasing volumes and streamlining operations.

### Real estate

The sales revenue earned in the real estate segment outside the Group was 6.2 million euros in 2022. Sales revenue increased by 17.2% compared to the same period last year. The sales revenue earned in the segment outside the Group was 1.6 million euros in the fourth quarter. Sales revenue increased by 10.2% compared to the previous year. The pre-tax profit of the real estate segment in 2022 was 11.3 million euros, the profit decreased by 6.9%. The pre-tax profit of the fourth quarter of the segment was 3.2 million euros. The pre-tax profit decreased by 22.2% in the reference period.

The opening of a reconstructed business centre in Salaspils (Latvia) last summer and the lease contract signed in the Kuldīga Centre this year significantly contributed to the increase in sales revenue. The significant increase in sales revenue was brought about by the temporary rent discounts during the coronavirus restrictions applied in the comparison period. Last year, new tenants were added to the rental premises of Tallinna Kaubamaja Gallery and Tartu Kaubamaja mall. The number of visitors to shopping centres, which had increased since the beginning of the year, began to approach the pre-pandemic level in spring, but slowed down again in the second half of the year and remained at a similar level.

The decrease in the profit of the last year of the segment was caused by the multiplied energy prices and the increase in the cost of borrowings due to the increase in the interest rates of the euro area intended to tighten the monetary policy by the European Central Bank. The annual fair value assessment of investment properties had the biggest impact on the fourth-quarter profit of the segment. The increase in the value of the properties

of the previous year exceeded the growth of the reporting year, as a result of which the profit of the last quarter was 1.3 million euros smaller. In 2021, a registered immovable located in Saare County was sold, the sale profit of which is also reflected in the profit of the comparison period.

The Group's real estate companies have paid a lot of attention to improving the energy efficiency of buildings and started implementing the sustainable development strategy of the Group. An important role in the implementation of the strategy is the ongoing collection of various non-financial data, which allows it to be analysed and linked to financial data. It is also necessary for making improvement decisions. The companies have made several investments for the more accurate measurement and management of the energy consumption of technical systems. An automatic ventilation control system has been implemented in several centres. Most of the lighting in the centres has been replaced with LED lights. Automatic lighting control has been introduced in the Tartu Kaubamaja centre. Construction works for the creation of a solar park on the roof of the Pirita Selver building, where electricity produced is mainly used to cover on-site consumption of the building, was completed in the summer. Development work has started to build a solar park on the roof of Viimsi Centre as well. The construction possibilities of solar power plants are also being analysed for other buildings belonging to the Group. In 2022, the segment invested 0.5 million euros in increasing energy efficiency as part of the sustainability strategy.

### Personnel

The average number of employees of Tallinna Kaubamaja Group in 2022 was 4,697, decreasing by 3.4% compared to 2021. The number of employees decreased due to the streamlining of the operation of Selver stores and the closure of the shoe stores of TKM King AS which belonged to the Group. Total labour costs (wage costs and social tax costs) in 2022 were 97.5 million euros, an increase of 9.8% compared to the previous year. In the fourth quarter, labour force costs increased by 8.6% in comparison with the year before, while the average number of employees decreased by 0.8%. The average monthly wage cost per employee increased by 9.8% in the fourth quarter and by 13.8% 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.



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Raul Puusepp  
Chairman of the Management Board

Tallinn, 19 January 2023

## CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### MANAGEMENT BOARD'S CONFIRMATION TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Chairman of the Management Board confirms the correctness and completeness of Tallinna Kaubamaja Grupp AS condensed consolidated interim financial statements (unaudited) for the period of the fourth quarter and 12 months of 2022 as set out on pages 15 - 38.

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.



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Raul Puusepp  
Chairman of the Management Board

Tallinn, 19 January 2023

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros

	Note	31.12.2022	31.12.2021
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	2	22,436	29,981
Trade and other receivables	3	27,200	20,673
Inventories	5	89,194	68,369
<b>Total current assets</b>		<b>138,830</b>	<b>119,023</b>
<b>Non-current assets</b>			
Long-term receivables and prepayments	8	299	304
Investments in associates	7	1,722	1,745
Investment property	9	63,623	62,690
Property, plant and equipment	10	420,600	431,263
Intangible assets	11	21,723	20,284
<b>Total non-current assets</b>		<b>507,967</b>	<b>516,286</b>
<b>TOTAL ASSETS</b>		<b>646,797</b>	<b>635,309</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Borrowings	12	97,107	40,646
Trade and other payables	13	111,449	111,345
<b>Total current liabilities</b>		<b>208,556</b>	<b>151,991</b>
<b>Non-current liabilities</b>			
Borrowings	12	190,825	238,705
Deferred tax liabilities	14	5,299	4,476
Provisions for other liabilities and charges		458	267
<b>Total non-current liabilities</b>		<b>196,582</b>	<b>243,448</b>
<b>TOTAL LIABILITIES</b>		<b>405,138</b>	<b>395,439</b>
<b>Equity</b>			
Share capital	15	16,292	16,292
Statutory reserve capital		2,603	2,603
Revaluation reserve		106,981	109,543
Retained earnings		115,783	111,432
<b>TOTAL EQUITY</b>		<b>241,659</b>	<b>239,870</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>646,797</b>	<b>635,309</b>

The notes presented on pages 20 to 38 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 2022	IV quarter 2021	12 months 2022	12 months 2021
Revenue	16	234,387	217,545	862,763	821,648
Other operating income		993	2,339	2,199	4,332
Cost of merchandise	5	-166,806	-156,096	-624,435	-607,239
Service expenses	17	-17,235	-14,324	-63,268	-48,874
Staff costs	18	-28,184	-25,956	-97,458	-88,755
Depreciation, amortisation and impairment losses	10,11	-9,873	-9,932	-39,072	-38,963
Other expenses		-157	-464	-786	-931
<b>Operating profit</b>		<b>13,125</b>	<b>13,112</b>	<b>39,943</b>	<b>41,218</b>
Finance income		1	2	4	4
Finance costs		-1,551	-1,283	-5,197	-4,909
Finance income on shares of associates accounted for using the equity method	7	37	27	197	183
<b>Profit before tax</b>		<b>11,612</b>	<b>11,858</b>	<b>34,947</b>	<b>36,496</b>
Income tax expense	15	-982	-147	-5,462	-4,480
<b>NET PROFIT FOR THE FINANCIAL YEAR</b>		<b>10,630</b>	<b>11,711</b>	<b>29,485</b>	<b>32,016</b>
<b>Other comprehensive income:</b>					
<i>Items that will not be subsequently reclassified to profit or loss</i>					
Revaluation of land and buildings	10	0	9,284	0	9,284
<b>Other comprehensive income for the financial year</b>		<b>0</b>	<b>9,284</b>	<b>0</b>	<b>9,284</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b>		<b>10,630</b>	<b>20,995</b>	<b>29,485</b>	<b>41,300</b>
Basic and diluted earnings per share (euros)	19	0.26	0.29	0.72	0.79

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

The notes presented on pages 20 to 38 form an integral part of these condensed consolidated interim financial statements.

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

In thousands of euros

	Note	12 months 2022	12 months 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profit		29,485	32,016
<i>Adjustments:</i>			
Interest expense		5,197	4,909
Interest income		-4	-4
Income tax expense		5,462	4,480
Depreciation, amortisation	10,11	39,017	38,116
Gain/loss from fair value adjustment of investment property	9	-653	-1,842
Loss on write-off of non-current assets	10	55	847
Profit on sale of non-current assets	10	-42	-262
Effect of equity method	7	-197	-183
Interest paid on lease liabilities	12	-3,567	-3,416
Corporate income tax paid		-73	-64
Change in inventories		-22,801	8,495
Change in receivables and prepayments related to operating activities		-6,522	-4,747
Change in liabilities and prepayments related to operating activities		-135	10,055
<b>TOTAL CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>45,222</b>	<b>88,400</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	10	-15,059	-22,721
Proceeds from sale of property, plant and equipment	10	91	347
Purchase of investment property	9	-280	-501
Purchase of intangible assets	11	-1,764	-526
Business combination	6	0	-1,771
Proceeds from government grant	10	133	0
Dividends received	7	220	150
Interest received		4	4
<b>TOTAL CASH FLOWS USED IN INVESTING ACTIVITIES</b>		<b>-16,655</b>	<b>-25,018</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings	12	24,567	7,109
Repayments of borrowings	12	-17,732	-20,702
Change in overdraft balance	12	7,914	-5,342
Payments of principal of leases	12	-17,070	-16,955
Dividends paid	15	-27,695	-24,437
Income tax on dividends	15	-4,479	-4,333
Interest paid		-1,617	-1,498
<b>TOTAL CASH FLOWS USED IN FINANCING ACTIVITIES</b>		<b>-36,112</b>	<b>-66,158</b>
<b>TOTAL CASH FLOWS</b>		<b>-7,545</b>	<b>-2,776</b>
Cash and cash equivalents at the beginning of the period	2	29,981	32,757
Cash and cash equivalents at the end of the period	2	22,436	29,981
<b>Net change in cash and cash equivalents</b>		<b>-7,545</b>	<b>-2,776</b>

The notes presented on pages 20 to 38 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	Currency translation differences	Retained earnings	Total
<b>Balance as of 31.12.2020</b>	<b>16,292</b>	<b>2,603</b>	<b>102,630</b>	<b>-149</b>	<b>101,631</b>	<b>223,007</b>
Net profit for the reporting period	0	0	0	0	32,016	32,016
Revaluation of land and buildings	0	0	9,284	0	0	9,284
Currency translation differences	0	0	0	149	-149	0
<b>Total comprehensive income for the reporting period</b>	<b>0</b>	<b>0</b>	<b>9,284</b>	<b>149</b>	<b>31,867</b>	<b>41,300</b>
Reclassification of depreciation of revalued land and buildings	0	0	-2,371	0	2,371	0
Dividends paid	0	0	0	0	-24,437	-24,437
<b>Total transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-24,437</b>	<b>-24,437</b>
<b>Balance as of 31.12.2021</b>	<b>16,292</b>	<b>2,603</b>	<b>109,543</b>	<b>0</b>	<b>111,432</b>	<b>239,870</b>
Net profit for the reporting period	0	0	0	0	29,485	29,485
<b>Total comprehensive income for the reporting period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>29,485</b>	<b>29,485</b>
Reclassification of depreciation of revalued land and buildings	0	0	-2,562	0	2,562	0
Dividends paid	0	0	0	0	-27,696	-27,696
<b>Total transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-27,696</b>	<b>-27,696</b>
<b>Balance as of 31.12.2022</b>	<b>16,292</b>	<b>2,603</b>	<b>106,981</b>	<b>0</b>	<b>115,783</b>	<b>241,659</b>

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

The notes presented on pages 20 to 38 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 2021. 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 2022 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

	31.12.2022	31.12.2021
Cash on hand	1,294	1,167
Bank accounts	19,707	27,586
Cash in transit	1,435	1,228
<b>Total cash and cash equivalents</b>	<b>22,436</b>	<b>29,981</b>

**Note 3. Trade and other receivables**

in thousands of euros

	31.12.2022	31.12.2021
Trade receivables (Note 4)	19,822	17,106
Other short-term receivables	570	461
<b>Total financial assets from balance sheet line "Trade and other receivables"</b>	<b>20,392</b>	<b>17,567</b>
Prepayment for goods	5,250	2,029
Other prepaid expenses	1,510	998
Prepaid rental expenses	10	9
Prepaid taxes (Note 14)	38	70
<b>Total trade and other receivables</b>	<b>27,200</b>	<b>20,673</b>

**Note 4. Trade receivables**

in thousands of euros

	31.12.2022	31.12.2021
Trade receivables	16,509	13,766
Allowance for doubtful receivables	-13	-53
Receivables from related parties (Note 20)	408	397
Credit card payments	2,918	2,996
<b>Total trade receivables</b>	<b>19,822</b>	<b>17,106</b>

**Note 5. Inventories**

in thousands of euros

	31.12.2022	31.12.2021
Goods purchased for resale	88,460	67,722
Tare and materials	734	647
<b>Total inventories</b>	<b>89,194</b>	<b>68,369</b>

## Tallinna Kaubamaja Grupp AS

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 2022	IV quarter 2021	12 months 2022	12 months 2021
Write-down and write-off of inventories	2,966	3,725	11,678	12,571
Inventory stocktaking deficit	1,365	861	3,199	2,917
<b>Total materials and consumables used</b>	<b>4,331</b>	<b>4,586</b>	<b>14,877</b>	<b>15,488</b>

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 31.12.2022	Year of acquisition or foundation
Selver AS	Estonia, Tallinn	Retail trade	100%	1995
Tallinna Kaubamaja Kinnisvara AS	Estonia, Tallinn	Real estate management	100%	1999
Tartu Kaubamaja Kinnisvara 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

On 30 December 2020, Viking Security AS, a subsidiary of Tallinna Kaubamaja Grupp AS, entered into an agreement to acquire from P. DUSSMANN EESTI OÜ its security services business in Estonia together with the assets and agreements belonging to it. As of 1 March 2021, as a result of the acquisition of the business, the assets and agreements related to the provision of security services belonging to P.DUSSMANN EESTI OÜ we transferred to Viking Security AS in their entirety and unchanged. Security services will continue to be provided under the business name Viking Security AS.

The table below provides an overview of acquired identifiable assets and liabilities of P. Dussmann Eesti OÜ security services business at the time of acquisition.

in thousands of euros

	Fair value
Fixed assets	0
Beneficial agreements (Note 11)	120
Liabilities	0
<b>Total identifiable net assets</b>	<b>120</b>
Consideration of ownership of assets	120
Cash and cash equivalents in the acquired business	120
<b>Net outflow of cash – investing activities</b>	<b>-120</b>

Beneficial agreements at value of 120 thousand euros was acquired (Note 11).

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.

#### Note 7. Investments in associates

Tallinna Kaubamaja Grupp AS has ownership of 50% (2021: 50%) interest in the entity AS Rävåla Parkla which provides the services of a parking house in Tallinn. The investment has been classified as associated company because the other owner has the power to appoint the members of supervisory board.

in thousands of euros

	31.12.2022	31.12.2021
<b>Investment in the associate at the beginning of the year</b>	<b>1,745</b>	<b>1,712</b>
Profit for the reporting period under equity method	197	183
Dividends received	-220	-150
<b>Investment in the associate at the end of the accounting period</b>	<b>1,722</b>	<b>1,745</b>

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

	31.12.2022		31.12.2021	
Current assets	76		141	
Non-current assets	3,425		3,409	
Current liabilities	57		60	
Owner's equity	3,444		3,489	
	IV quarter 2022	IV quarter 2021	12 months 2022	12 months 2021
Revenue	135	90	540	518
Net profit	74	52	395	365

**Note 8. Long-term trade and other receivables**

in thousands of euros

	31.12.2022	31.12.2021
Prepaid rental expenses	198	196
Deferred tax asset	33	26
Other receivables	68	82
<b>Total long-term trade and other receivables</b>	<b>299</b>	<b>304</b>

**Note 9. Investment property**

in thousands of euros

<b>Carrying value as at 31.12.2020</b>	<b>60,347</b>
Purchases and improvements	501
Net loss from fair value adjustment	1,842
<b>Carrying value as at 31.12.2021</b>	<b>62,690</b>
Purchases and improvements	280
Net profit from fair value adjustment	653
<b>Carrying value as at 31.12.2022</b>	<b>63,623</b>

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

The cost of investments for the 12 months of 2022 amounted to 280 thousand euros (2021: 501 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 (2021: for Tartu Kaubamaja in the amount of 243 thousand euros and Viimsi Centre for 23 thousand euros).

In 2022, renovation work was carried out for investment property in Latvia, Ogre for 68 thousand euros (2021: Salaspils shopping centre for 172 thousand euros and Kuldīga shopping centre for 63 thousand euros).

As a result of the valuation in 2022 in Estonia, the fair values of investment property increased in the amount of 694 thousand euros (2021: 1,943 thousand euros). As a result of the valuation in 2022 in Latvia, the fair values of investment property increased in the amount of 187 thousand euros (2021: 203 thousand euros) and decreased in the amount of 228 thousand euros (2021: 304 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 653 thousand euros (2021: 1,842 thousand euros).



## Note 10. Property, plant and equipment

in thousands of euros

	Land and buildings	Right-of use-assets: retail properties	Machinery and equipment	Other fixtures and fittings	Construction and projects in progress	Total
<b>31.12.2020</b>						
Cost or revalued amount	186,379	176,459	51,760	49,562	32,084	496,244
Accumulated depreciation and impairment	0	-34,110	-31,133	-32,964	-9,280	-107,487
<b>Carrying value</b>	<b>186,379</b>	<b>142,349</b>	<b>20,627</b>	<b>16,598</b>	<b>22,804</b>	<b>388,757</b>
<b>Changes occurred in 2021</b>						
Purchases and improvements	4,791	0	10,248	7,813	-131	22,721
Addition to right-of use assets	0	66	0	0	0	66
Reclassification among property, plant and equipment groups	-2	0	2	0	0	0
Other reclassifications	0	0	49	0	0	49
Reclassification to inventory	0	0	-202	0	0	-202
Reclassification to property, plant and equipment from inventory	0	0	670	0	4	674
Disposals	0	0	-6	-1	-78	-85
Write-offs	0	-416	-94	-285	0	-795
Termination of right-of use-assets	0	-920	0	0	0	-920
Decrease/increase in value through profit or loss	139	0	0	0	213	352
Increase in value through revaluation reserve	9,284	0	0	0	0	9,284
Adjustment to right-of use assets	0	49,372	0	0	0	49,372
Depreciation	-6,248	-19,832	-5,908	-6,022	0	-38,010
<b>31.12.2021</b>						
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
<b>Carrying value</b>	<b>194,343</b>	<b>170,619</b>	<b>25,386</b>	<b>18,103</b>	<b>22,812</b>	<b>431,263</b>
<b>Changes occurred in 2022</b>						
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
<b>31.12.2022</b>						
Cost or revalued amount	204,394	231,984	66,127	55,761	23,389	581,655
Accumulated depreciation and impairment	-5,756	-69,848	-38,933	-37,659	-8,859	-161,055
<b>Carrying value</b>	<b>198,638</b>	<b>162,136</b>	<b>27,194</b>	<b>18,102</b>	<b>14,530</b>	<b>420,600</b>

The cost of investments for the 12 months of 2022 amounted to 16,690 thousand euros (including purchases of property, plant and equipment in the amount of 14,926 thousand euros and purchases of intangible assets amounted to 1,764 thousand euros). In the reporting period the Group received government grant for assets in the amount of 133 thousand euros. Government grants are recognized on a net basis.

The cost of purchases of property, plant and equipment made in reporting period in the supermarkets business segment was 9,680 thousand euros. In the reporting period in Tallinn, Lasnamäe Priisle Kodu development was opened Selver supermarket, which is the sixth Selver store in Lasnamäe. During the reporting period was opened in Harju County Tabasalu Selver supermarket, which is the biggest grocery store in the region. In Rakvere Krooni Centre located Krooni Selver underwent a thorough renovation, the store was transferred to a Selver's new concept of interior design. 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 3,345 thousand euros. In the reporting period, Kaubamaja opened renewed Women's Department in Tallinna Kaubamaja. In Pärnu Centre I.L.U store was renovated and opened with a new interior design concept. In October, renovated store was opened in Rocca al Mare also.

The cost of purchases of property, plant and equipment in the reporting period was 536 thousand euros in the car trade business segment.

The cost of purchases of property, plant and equipment in the reporting period was 242 thousand euros in the security business segment.

The cost of purchases of property, plant and equipment in the real estate business segment amounted to 1,123 thousand euros. During the reporting period, real estate companies have made investments for more accurate measurement and management of the energy consumption of technical systems. Design work for the new Selver is underway in Tartu.

The companies in the consolidated Tallinna Kaubamaja Group did not have any binding obligations for the purchase of tangible assets.

At the year-end 2022, 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%-11.5% (2021: 7.2%-11.5%) depending on the location of the property and the rental growth rates were 1.0%-2.5% (2021: 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 2022 the value of "Land and buildings" located in Estonia was adjusted neither upwards nor downwards. In 2021 the value of "Land and buildings" located in Estonia increased by 8,433 thousand euros which was recognized through revaluation reserve.

The discount rates used for estimation of "Land and Buildings" located in Latvia were 8.5% (2021: 8.0%-9.0%) and the rental growth rates were 2.0%-2.5% (2021: 1.0%-2.5%). 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 2021, the value of "Land and buildings" located in Latvia increased by 851 thousand euros, which was recognized through revaluation reserve, and increase in value was recognized through profit and loss in the amount of 139 thousand euros.

As a result of the revaluation in 2022 and 2021 the value of "Land and buildings" located in Lithuania was adjusted neither upwards nor downwards.

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 (2021: 32 thousand euros).

The value of "Construction in progress" located in Latvia increased by 86 thousand euros and was recognized through profit and loss (2021: 181 thousand euros).

The value of "Construction in progress" located in Lithuania was adjusted neither upwards nor downwards in 2022 and 2021.

**Note 11. Intangible assets**

in thousands of euros

	Goodwill	Trademark	Beneficial agreements	Capitalised development expenditure	Total
<b>31.12.2020</b>					
Cost	16,869	5,599	0	2,956	25,424
Accumulated amortisation and impairment	0	-3,807	0	-1,469	-5,276
<b>Carrying value</b>	<b>16,869</b>	<b>1,792</b>	<b>0</b>	<b>1,487</b>	<b>20,148</b>
<b>Changes occurred in 2021</b>					
Purchases and improvements	0	0	0	526	526
Acquired through business combinations (Note 6)	0	0	120	0	120
Write off	0	0	0	-52	-52
Amortisation	0	-291	-14	-153	-458
<b>31.12.2021</b>					
Cost	16,869	5,599	120	3,394	25,982
Accumulated amortisation and impairment	0	-4,098	-14	-1,586	-5,698
<b>Carrying value</b>	<b>16,869</b>	<b>1,501</b>	<b>106</b>	<b>1,808</b>	<b>20,284</b>
<b>Changes occurred in 2022</b>					
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
<b>31.12.2022</b>					
Cost	16,869	2,091	120	5,355	24,435
Accumulated amortisation and impairment	0	-863	-31	-1,818	-2,712
<b>Carrying value</b>	<b>16,869</b>	<b>1,228</b>	<b>89</b>	<b>3,537</b>	<b>21,723</b>

In the reporting period, the Group capitalised costs of a web page update, loyalty program application, loyalty card web page update, loyalty card - Monthly Card, e-shop as development expenditure and development of services were in the amount of 1,764 thousand euros (2021: 526 thousand euros).

As a trademark, the Group has recognised the image of ABC King in the department store segment at a cost value of 3,508 thousand euros; the image contains a combination of the name, symbol and design together with recognition and preference by consumers. Trademark's use has ceased and it has been written off in the second quarter of 2022.

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.

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

in thousands of euros	31.12.2022	31.12.2021
Supermarkets	13,609	13,609
Car trade	3,156	3,156
Security	104	104
<b>Total</b>	<b>16,869</b>	<b>16,869</b>

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	31.12.2022	31.12.2021
<b>Short-term borrowings</b>		
Overdraft	15,222	7,308
Bank loans	60,747	13,662
Lease liabilities	17,433	16,838
Other borrowings	3,705	2,838
<b>Total short-term borrowings</b>	<b>97,107</b>	<b>40,646</b>

in thousands of euros	31.12.2022	31.12.2021
<b>Long-term borrowings</b>		
Bank loans	28,320	72,489
Lease liabilities	154,210	160,973
Other borrowings	8,295	5,243
<b>Total long-term borrowings</b>	<b>190,825</b>	<b>238,705</b>
<b>Total borrowings</b>	<b>287,932</b>	<b>279,351</b>

### Borrowings received

in thousands of euros	IV quarter 2022	IV quarter 2021	12 months 2022	12 months 2021
Overdraft	0	0	7,914	0
Bank loans	0	0	17,219	0
Other borrowings	5,553	892	7,348	7,109
<b>Total borrowings received</b>	<b>5,553</b>	<b>892</b>	<b>32,481</b>	<b>7,109</b>

### Borrowings paid

in thousands of euros	IV quarter 2022	IV quarter 2021	12 months 2022	12 months 2021
Overdraft	2,876	3,041	0	5,342
Bank loans	2,445	2,350	14,302	17,101
Lease liabilities	4,392	4,424	17,070	16,955
Other borrowings	823	926	3,430	3,601
<b>Total borrowings paid</b>	<b>10,536</b>	<b>10,741</b>	<b>34,802</b>	<b>42,999</b>

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

As of 31.12.2022, the repayment dates of bank loans are between 25.03.2023 and 07.12.2027 (2021: between 25.01.2022 and 15.06.2026), interest is tied both to 3-month and 6-month EURIBOR. Group has also contracts with fixed interest rate. Weighted average interest rate was 2.78% (2021: 1.39%).

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 1.97% (31.12.2021: 1.57%).

### Net debt reconciliation

in thousands of euros

	31.12.2022	31.12.2021
Cash and cash equivalents (Note 2)	22,436	29,981
Short-term borrowings	-97,107	-40,646
Long-term borrowings	-190,825	-238,705
<b>Net debt</b>	<b>-265,496</b>	<b>-249,370</b>
Cash and cash equivalents (Note 2)	22,436	29,981
Gross debt – fixed interest rates	-177,825	-184,555
Gross debt – variable interest rates	-110,107	-94,796
<b>Net debt</b>	<b>-265,496</b>	<b>-249,370</b>

	Cash and cash equivalents	Overdraft	Borrowings	Lease liabilities	Total
<b>Net debt 31.12.2020</b>	<b>32,757</b>	<b>-12,650</b>	<b>-107,823</b>	<b>-146,278</b>	<b>-233,994</b>
Cash flow (principal and interest)	-2,776	5,342	14,733	20,371	37,670
Interest accrued	0	0	-1,142	-3,416	-4,558
New lease contracts	0	0	0	-66	-66
Termination of lease liabilities	0	0	0	950	950
Revaluation of lease liabilities	0	0	0	-49,372	-49,372
<b>Net debt 31.12.2021</b>	<b>29,981</b>	<b>-7,308</b>	<b>-94,232</b>	<b>-177,811</b>	<b>-249,370</b>
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
<b>Net debt 31.12.2022</b>	<b>22,436</b>	<b>-15,222</b>	<b>-101,067</b>	<b>-171,643</b>	<b>-265,496</b>

**Note 13. Trade and other payables**

in thousands of euros

	31.12.2022	31.12.2021
Trade payables	79,551	77,955
Payables to related parties (Note 20)	3,132	5,263
Other accrued expenses	209	96
Prepayments by tenants	3,501	3,428
<b>Total financial liabilities from balance sheet line "Trade and other payables"</b>	<b>86,393</b>	<b>86,742</b>
Taxes payable (Note 14)	10,365	9,729
Employee payables	11,059	10,123
Prepayments	3,433	4,026
Short-term provisions*	199	725
<b>Total trade and other payables</b>	<b>111,449</b>	<b>111,345</b>

\*Short-term provisions in year 2022 represent warranty provisions related to footwear trade. In 2021, short-term provisions represent restructuring provisions related to footwear trade.

**Note 14. Taxes**

in thousands of euros

	31.12.2022		31.12.2021	
	Prepaid taxes	Taxes payable	Prepaid taxes	Taxes payable
Prepaid taxes	38	0	70	0
Value added tax	0	4,635	0	4,356
Personal income tax	0	1,554	0	1,409
Social security taxes	0	3,745	0	3,525
Corporate income tax	0	67	0	87
Unemployment insurance	0	246	0	229
Mandatory funded pension	0	118	0	123
<b>Total taxes</b>	<b>38</b>	<b>10,365</b>	<b>70</b>	<b>9,729</b>

As of 31.12.2022 deferred tax liability on dividends in the amount of 5,299 thousand euros (31.12.2021: 4,476 thousand euros) is recorded in the balance sheet.

**Note 15. Share capital**

As of 31.12.2022 and 31.12.2021, 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 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.

In 2021, dividends were paid to the shareholders in the amount of 24,437 thousand euros, or 0.60 euros per share. Related income tax expense on dividends amounted to 4,333 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. segment is below the quantitative criteria of the reporting segment specified in IFRS 8; these segments 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, footwear trade 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. The effect of IFRS 16 measurement and recognition of right of use assets and lease liabilities 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 2022	Super markets	Department store	Car trade	Security	Real estate	Inter-segment transactions	Impact of lease accounting	Total segments
<b>External revenue</b>	<b>161,759</b>	<b>33,744</b>	<b>34,409</b>	<b>2,876</b>	<b>1,599</b>	<b>0</b>	<b>0</b>	<b>234,387</b>
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
<b>EBITDA</b>	<b>7,861</b>	<b>2,734</b>	<b>2,532</b>	<b>105</b>	<b>4,419</b>	<b>0</b>	<b>5,347</b>	<b>22,998</b>
Segment depreciation and impairment losses	-2,852	-685	-261	-95	-963	0	-5,017	-9,873
<b>Operating profit/loss</b>	<b>5,009</b>	<b>2,049</b>	<b>2,271</b>	<b>10</b>	<b>3,456</b>	<b>0</b>	<b>330</b>	<b>13,125</b>
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
<b>Net profit/loss</b>	<b>5,906</b>	<b>2,195</b>	<b>1,289</b>	<b>35</b>	<b>1,830</b>	<b>0</b>	<b>-625</b>	<b>10,630</b>
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
<b>Segment assets</b>	<b>148,441</b>	<b>93,787</b>	<b>58,291</b>	<b>4,554</b>	<b>288,605</b>	<b>-109,017</b>	<b>162,136</b>	<b>646,797</b>
<b>Segment liabilities</b>	<b>119,396</b>	<b>67,020</b>	<b>37,364</b>	<b>4,151</b>	<b>84,819</b>	<b>-79,255</b>	<b>171,643</b>	<b>405,138</b>
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 impairment from previous years of property, plant and equipment through profit or loss	0	0	0	0	208	0	0	208
Fair value adjustment of investment property	0	0	0	0	653	0	0	653



in thousands of euros

IV quarter 2021	Super markets	Department store	Car trade	Security	Real estate	Inter-segment transactions	Impact of lease accounting	Total segments
<b>External revenue</b>	<b>151,423</b>	<b>32,723</b>	<b>29,600</b>	<b>2,348</b>	<b>1,451</b>	<b>0</b>	<b>0</b>	<b>217,545</b>
Inter-segment revenue	282	991	143	1,258	3,619	-6,293	0	0
Total revenue	151,705	33,714	29,743	3,606	5,070	-6,293	0	217,545
<b>EBITDA</b>	<b>9,245</b>	<b>1,111</b>	<b>1,828</b>	<b>36</b>	<b>5,498</b>	<b>0</b>	<b>5,326</b>	<b>23,044</b>
Segment depreciation and impairment losses	-2,838	-773	-180	-83	-1,225	0	-4,833	-9,932
<b>Operating profit/loss</b>	<b>6,407</b>	<b>338</b>	<b>1,648</b>	<b>-47</b>	<b>4,273</b>	<b>0</b>	<b>493</b>	<b>13,112</b>
Finance income	75	71	11	1	32	-188	0	2
Finance income on shares of associates	0	27	0	0	0	0	0	27
Finance costs	-140	-148	-65	-4	-212	188	-902	-1,283
Income tax	-599	-6	-204	-2	664	0	0	-147
<b>Net profit/loss</b>	<b>5,743</b>	<b>282</b>	<b>1,390</b>	<b>-52</b>	<b>4,757</b>	<b>0</b>	<b>-409</b>	<b>11,711</b>
incl. in Estonia	5,743	282	1,451	-52	4,199	0	-409	11,214
incl. in Latvia	0	0	-86	0	569	0	0	483
incl. in Lithuania	0	0	25	0	-11	0	0	14
<b>Segment assets</b>	<b>145,794</b>	<b>58,366</b>	<b>32,970</b>	<b>3,647</b>	<b>282,266</b>	<b>-58,353</b>	<b>170,619</b>	<b>635,309</b>
<b>Segment liabilities</b>	<b>115,539</b>	<b>50,542</b>	<b>18,768</b>	<b>3,146</b>	<b>78,254</b>	<b>-48,621</b>	<b>177,811</b>	<b>395,439</b>
Segment investments in property, plant and equipment	4,654	970	98	43	747	0	0	6,512
Segment investments in intangible assets	8	263	1	0	0	0	0	272
Reversal of the impairment from previous years of property, plant and equipment through profit or loss	0	0	0	0	352	0	0	352
Increase in value through revaluation reserve of property, plant and equipment	0	0	0	0	9,284	0	0	9,284
Fair value adjustment of investment property	0	0	0	0	1,842	0	0	1,842

in thousands of euros

12 months 2022	Super markets	Department store	Car trade	Security	Real estate	Inter-segment transactions	Impact of lease accounting	Total segments
<b>External revenue</b>	<b>594,853</b>	<b>105,152</b>	<b>146,767</b>	<b>9,817</b>	<b>6,174</b>	<b>0</b>	<b>0</b>	<b>862,763</b>
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
<b>EBITDA</b>	<b>24,482</b>	<b>5,008</b>	<b>11,827</b>	<b>477</b>	<b>16,584</b>	<b>0</b>	<b>20,637</b>	<b>79,015</b>
Segment depreciation and impairment losses	-11,263	-2,586	-894	-364	-4,581	0	-19,384	-39,072
<b>Operating profit/loss</b>	<b>13,219</b>	<b>2,422</b>	<b>10,933</b>	<b>113</b>	<b>12,003</b>	<b>0</b>	<b>1,253</b>	<b>39,943</b>
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
<b>Net profit/loss</b>	<b>11,749</b>	<b>2,073</b>	<b>9,354</b>	<b>97</b>	<b>8,526</b>	<b>0</b>	<b>-2,314</b>	<b>29,485</b>
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
<b>Segment assets</b>	<b>148,441</b>	<b>93,787</b>	<b>58,291</b>	<b>4,554</b>	<b>288,605</b>	<b>-109,017</b>	<b>162,136</b>	<b>646,797</b>
<b>Segment liabilities</b>	<b>119,396</b>	<b>67,020</b>	<b>37,364</b>	<b>4,151</b>	<b>84,819</b>	<b>-79,255</b>	<b>171,643</b>	<b>405,138</b>
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 impairment 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

in thousands of euros

12 months 2021	Super markets	Department store	Car trade	Security	Real estate	Inter-segment transactions	Impact of lease accounting	Total segments
<b>External revenue</b>	<b>568,979</b>	<b>93,408</b>	<b>145,818</b>	<b>8,177</b>	<b>5,266</b>	<b>0</b>	<b>0</b>	<b>821,648</b>
Inter-segment revenue	1,146	3,887	501	5,596	14,099	-25,229	0	0
Total revenue	570,125	97,295	146,319	13,773	19,365	-25,229	0	821,648
<b>EBITDA</b>	<b>31,827</b>	<b>1,780</b>	<b>8,406</b>	<b>377</b>	<b>17,420</b>	<b>0</b>	<b>20,371</b>	<b>80,181</b>
Segment depreciation and impairment losses	-11,009	-2,428	-674	-345	-4,675	0	-19,832	-38,963
<b>Operating profit/loss</b>	<b>20,818</b>	<b>-648</b>	<b>7,732</b>	<b>32</b>	<b>12,745</b>	<b>0</b>	<b>539</b>	<b>41,218</b>
Finance income	302	379	21	2	230	-930	0	4
Finance income on shares of associates (Note 7)	0	183	0	0	0	0	0	183
Finance costs	-628	-612	-336	-14	-833	930	-3,416	-4,909
Income tax	-2,141	-413	-482	-26	-1,418	0	0	-4,480
<b>Net profit/loss</b>	<b>18,351</b>	<b>-1,111</b>	<b>6,935</b>	<b>-6</b>	<b>10,724</b>	<b>0</b>	<b>-2,877</b>	<b>32,016</b>
incl. in Estonia	18,351	-1,111	6,584	-6	10,150	0	-2,877	31,091
incl. in Latvia	0	0	-75	0	620	0	0	545
incl. in Lithuania	0	0	426	0	-46	0	0	380
<b>Segment assets</b>	<b>145,794</b>	<b>58,366</b>	<b>32,970</b>	<b>3,647</b>	<b>282,266</b>	<b>-58,353</b>	<b>170,619</b>	<b>635,309</b>
<b>Segment liabilities</b>	<b>115,539</b>	<b>50,542</b>	<b>18,768</b>	<b>3,146</b>	<b>78,254</b>	<b>-48,621</b>	<b>177,811</b>	<b>395,439</b>
Segment investments in property, plant and equipment (Note 10)	13,613	6,255	274	136	2,443	0	0	22,721
Segment investments in intangible assets (Note 11)	8	517	1	0	0	0	0	526
Reversal of the impairment from previous years of property, plant and equipment through profit or loss (Note 10)	0	0	0	0	352	0	0	352
Increase in value through revaluation reserve of property, plant and equipment (Note 10)	0	0	0	0	9,284	0	0	9,284
Fair value adjustment of investment property (Note 9)	0	0	0	0	1,842	0	0	1,842

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

in thousands of euros

	IV quarter 2022	IV quarter 2021	12 months 2022	12 months 2021
Retail revenue	214,178	202,731	783,266	748,862
Wholesale revenue	9,107	7,033	39,480	36,767
Rental income	2,578	2,368	10,172	9,238
Revenue for rendering services	8,524	5,413	29,845	26,781
<b>Total revenue</b>	<b>234,387</b>	<b>217,545</b>	<b>862,763</b>	<b>821,648</b>

## External revenue by client location

in thousands of euros

	IV quarter 2022	IV quarter 2021	12 months 2022	12 months 2021
Estonia	217,667	203,624	791,157	753,562
Latvia	11,825	10,119	48,499	48,584
Lithuania	4,895	3,802	23,107	19,502
<b>Total</b>	<b>234,387</b>	<b>217,545</b>	<b>862,763</b>	<b>821,648</b>

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

in thousands of euros

	31.12.2022	31.12.2021
Estonia	471,397	478,568
Latvia	32,712	33,849
Lithuania	2,136	2,124
<b>Total</b>	<b>506,245</b>	<b>514,541</b>

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

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

## Note 17. Services expenses

in thousands of euros

	IV quarter 2022	IV quarter 2021	12 months 2022	12 months 2021
Rental expenses	242	241	630	737
Heat and electricity expenses	5,443	2,558	19,313	9,340
Expenses related to premises	2,752	2,795	10,145	8,866
Cost of services and materials related to sales	2,186	2,051	8,096	7,761
Marketing expenses	2,396	2,358	8,715	7,983
Other operating expenses	1,153	1,323	4,701	4,362
Computer and communication costs	1,808	1,926	7,194	6,560
Expenses related to personnel	1,255	1,072	4,474	3,265
<b>Total services expenses</b>	<b>17,235</b>	<b>14,324</b>	<b>63,268</b>	<b>48,874</b>

**Note 18. Staff costs**

in thousands of euros

	IV quarter 2022	IV quarter 2021	12 months 2022	12 months 2021
Wages and salaries	21,412	19,654	74,016	67,351
Social security taxes	6,772	6,302	23,442	21,404
<b>Total staff costs</b>	<b>28,184</b>	<b>25,956</b>	<b>97,458</b>	<b>88,755</b>
Average wages per employee per month (euros)	1,521	1,386	1,313	1,154
Average number of employees in the reporting period	4,692	4,728	4,697	4,864

**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 2022	IV quarter 2021	12 months 2022	12 months 2021
Net profit (in thousands of euros)	10,630	11,711	29,485	32,016
Weighted average number of shares	40,729,200	40,729,200	40,729,200	40,729,200
Basic and diluted earnings per share (euros)	0.26	0.29	0.72	0.79

**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:

- owners (Parent and the persons controlling or having significant influence over the Parent);
- associates;
- other entities in the Parent's consolidation group.
- management and supervisory boards of the Group companies;
- 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 2022	Sales 12 months 2022	Purchases 12 months 2021	Sales 12 months 2021
Parent	213	10	309	10
Entities in the Parent's consolidation group	32,211	3,617	31,013	3,617
Members of management and supervisory boards	17	30	0	23
Other related parties	18	50	42	7
<b>Total</b>	<b>32,459</b>	<b>3,707</b>	<b>31,364</b>	<b>3,657</b>

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

**Balances with related parties:**

	31.12.2022	31.12.2021
Receivables from entities in the in the Parent's consolidation group	401	396
Members of management and supervisory boards	7	0
Other related parties	0	1
<b>Total receivables from related parties (Note 4)</b>	<b>408</b>	<b>397</b>

	31.12.2022	31.12.2021
Parent	21	21
Entities in the Parent's consolidation group	3,108	5,226
Other related parties	3	16
<b>Total liabilities to related parties (Note 13)</b>	<b>3,132</b>	<b>5,263</b>

Receivables from and liabilities to related parties, arisen in the normal course of business, are unsecured and carry no interest because they have regular payment terms.

Entities in the Parent company consolidation group are important suppliers for the Group.

For arranging funding for its subsidiaries, the Group uses the group account, the members of which are most of the Group's entities. In its turn, the Group as a subgroup is a member of the group account of NG Investeringud 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 2022, the Group has not earned interest income on its deposits of available funds (2021: 0 euros). As at 31 December 2022 and 31 December 2021, Tallinna Kaubamaja Grupp AS had not deposited any funds through head group and had not used available funds of head group. In 2021, Group has used available funds of head group in the amount of 5,000 thousand euros and paid interest 1 thousand euros. According to the group account contract, the Group's members are jointly responsible for the unpaid amount to the bank.

**Remuneration paid to the members of the Management and Supervisory Board**

Short term benefits to the management boards' members of the Tallinna Kaubamaja Group for the reporting period including wages, social security taxes, bonuses and car expenses, amounted to 2,511 thousand euros (2021 12 months: 2,405 thousand euros). Short-term benefits to supervisory boards' members of the Group in reporting period including social taxes amounted to 862 thousand euros (2021 12 months: 693 thousand euros).

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