

TALLINNA KAUBAMAJA GRUPP AS

Consolidated Interim Report for
the First quarter 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 March 2022
Auditor:	PricewaterhouseCoopers AS
Telephone:	372 667 3300
E-mail:	tkmgroup@kaubamaja.ee

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 Jüri Kào (chairman of the supervisory board), Andres Järving, Enn Kunila, Gunnar Kraft and Meelis Milder. Members of Group supervisory board are elected for three years. The mandates of current supervisory board members Andres Järving, Jüri Kào, 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 and footwear store chains.
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 March 31, 2022:

	Location	Shareholding as of 31.03.2022	Shareholding as of 31.12.2021
Selver supermarkets			
Selver AS	Estonia	100%	100%
Kulinaaria OÜ	Estonia	100%	100%
Department stores			
Kaubamaja AS	Estonia	100%	100%
TKM Finants AS	Estonia	100%	100%
OÜ TKM Beauty	Estonia	100%	100%
OÜ TKM Beauty Eesti	Estonia	100%	100%
AS TKM King	Estonia	100%	100%
Rävala Parkla AS	Estonia	50%	50%

	Location	Shareholding as of 31.03.2022	Shareholding as of 31.12.2021
Car trade			
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%
Security segment			
Viking Security AS	Estonia	100%	100%
Real estate			
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%

Change in the reporting of segments

As of the interim reports for the second quarter and the first six months of 2021, the Group decided to make a change in the structure of the reporting of operating segments. A new security segment has been brought out and the former footwear segment is added to the segment of department stores. The respective comparative data is adjusted retrospectively and highlighted in Note 16 to the segment report.

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.

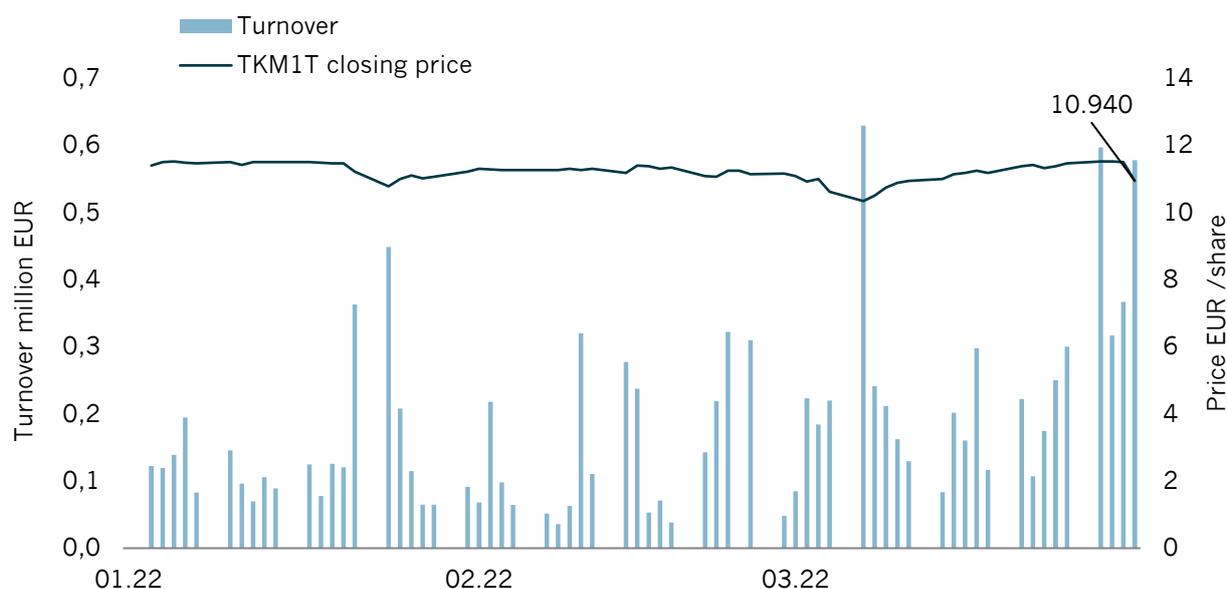
The members of the management board of the Group have no right to issue or buy back shares. In addition, there are no commitments between the company and its employees providing for compensation in mergers and acquisitions under article 19¹ of Stock Market Trade Act.

The share with a price of 11.22 euros at the end of 2021 was closed in the end of March 2022 at the level of 10.94 euros, decreased by 2.5% over the three 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 31.03.2022.

In euros



SHARE	1Q/22	1Q/21
Average number of shares (1000 pcs)	40,729.2	40,729.2
Equity capital per share (EUR/share)	5.22	4.82
Share's closing price (EUR/share)	10.94	9.76
Earnings per share (EUR/share)	0.01	-0.05

Risks

Russia's military invasion of Ukraine on 24 February steeply increased one of the most feared risks – the risk of a military threat to Europe. The warfare had an impact on the economic activity of the Group, even though the Group does not have any direct significant business risks related to the area affected by the war. When the war broke out, the goods of the aggressors Russia and Belarus, which formed approximately 1% of the selection of the retail enterprises of the Group, were removed from sale. The goods which had already been purchased were stored first and then sold, with the proceeds donated to support Ukraine. In the grocery stores of the Group, the stocks of potential crisis goods were increased to ensure a better supply for the customers collecting reserves for a crisis. The warfare has resulted in delayed and interrupted deliveries. Deliveries of custom-made packaging were terminated for Kulinaaria, as the cooperation partner's production operations have been halted due to the war. In the short-term perspective, Kulinaaria solved the issues arising from delivery difficulties by using alternative packaging, with a new packaging solution sought in the longer term. The war may cause delays in IT developments due to the resource issues of the developers of the development partners. The administrative burden has grown significantly as a result of responsibly observing the sanctions implemented by the European Union. The arrival of Ukrainian war refugees may alleviate the sharp labour deficiency to some extent. By the end of the first quarter, the Group has employed 11 Ukrainian war refugees and is continuing offering jobs to the refugees.

The Group has critically reviewed its development plans in the context of the war and has taken into consideration a higher risk of uncertainty.

Sustainable entrepreneurship

The sustainability-related activities of the Group in the first quarter were affected by the war in Ukraine. As soon as on the third day of the war, collection of monetary and non-monetary donations was launched in the stores of the Group in cooperation with the Estonian Red Cross. Customers can conveniently make donations in the amounts suitable for them while making their daily purchases at the physical stores of I.L.U., Kaubamaja, and Selver, and in all e-stores. The Selver stores all across Estonia also helped collect essential non-monetary donations, such as blankets, hygiene products, baby food, etc. In total, over a hundred of Euro-

pallets of products were delivered to the refugees. Collection of donations is ongoing. The donations were sent to the Polish refugee centres on the border of Ukraine, as well as to the war refugee centres in Estonia. In addition to the collection of donations organised by the enterprises of the Group, the employees of the businesses themselves also initiated several calls to collect the products which the refugees who had arrived in Estonia at the specific moment in time were most in need for. The goods were delivered directly to those in need at the refugee centres or through the cooperation partners at the Red Cross.

In addition to direct monetary and non-monetary donations from the Group's companies and the donation of profits from the sale of Russian and Belarus goods, the customers of Selver, Kaubamaja, and I.L.U. donated 44,876 euros in the stores in total, which was handed over to the Estonian Red Cross. Viking Motors donated 3,500 euros to support the Harku Single Coast Guard Company of the Harju District of the Defence League to support the national defence operations.

Mentors supported the integration of the Ukrainian war refugees who have commenced employment at the Group in their new positions, as well as in the Estonian society in general. If necessary, psychological assistance was provided to the refugees and donations were collected within the company among the new colleagues to help those individuals start their independent lives.

The companies of the Group stopped buying products from Russia and Belarus when the war broke out to refrain from supporting the economy of the aggressive countries.

The most important event in the field of environmental protection was the joining of the Group with the Green Tiger cooperation platform. Environmental awareness is one of the main values of the Group and the cooperation with the Green Tiger network will make it easier to create change and share the experience, knowledge, tools, and lessons learnt on sustainability.

Economic environment

The economic environment of the first quarter was shook by Russia's military invasion of Ukraine. At the time of drawing up this report, a long course of the war is feared, and some adjustment to the uncertain economic circumstances can be detected. According to Statistics Estonia, the Estonian economy grew by 8.3% in 2021, continuing the quick recovery from the effects of the coronavirus. According to Statistics Estonia, the growth remains broad-based, but several fields of activity were already affected by a rapid increase in prices at the end of last year. The economic growth was more largely supported by the growth of the processing industry, information and communication, and transportation and storage sectors. Due to the increase in prices, the main sectors which slowed down the economy were trade and agriculture. According to the Bank of Estonia, the annual economic downturn will amount to 0.40% in 2022. Consumer prices increased at an accelerating pace in the first months of 2022. In the first quarter in total, the price increase was 12.9%. Housing-related prices grew most (31.2%), with the prices of electricity, gas, and fuel multiplying compared to the previous levels. The prices of food and non-alcoholic beverages increased by 11.8% in the first quarter. For example, potatoes are 127.3% more expensive compared to March of last year, other oils 43.7% more expensive, while the price of fresh fish is now 30.6% higher. The prices of clothing and footwear rose by 3.9% in the first quarter. According to the estimations of the Bank of Estonia, the total price increase in 2022 will be 10.2%. According to Statistics Estonia, the average gross wages increased by 6.9% in 2021, thereat, the consumer prices grew 4.7% in 2021. The Bank of Estonia estimates that wages will increase by 7.9% this year, which will be less than the increase in prices, indicating a decline in the purchasing power.

According to Statistics Estonia, the total volume of retail turnover in Estonia in current prices increased by 16.3% in the first two months of 2022. The retail sales of engine fuel (46.9%) and the retail sales of second-hand goods (25.7%) increased most. Sales revenue in non-specialised stores (primarily foodstuffs) grew by 9.5% in the first two months of the year. According to the Estonian Association of Car Dealers and Service Companies (AMTEL), 5,191 new passenger vehicles were sold in Estonia in the first quarter of 2022 in total, which is 9.4% less than in 2021. In the Baltics, new car sales decreased by 9.0% in the first quarter. The sales of new motor vehicles mainly dropped due to the reduced availability of cars. The consumer confidence indicator, which improved somewhat in Estonia at the end of last year, has dropped back to the pandemic level due to the threat of war.

Economic results

Financial ratios

In million EUR	1Q/22	1Q21	Change %
Revenue	198.9	190.8	4.3%
Selver supermarkets	139.5	133.9	4.2%
Department stores	21.7	17.9	20.7%
Car trade	34.0	36.2	-6.1%
Security	2.3	1.4	57.6%
Real estate	1.5	1.2	18.5%
<i>Gross profit margin%</i>	<i>26.45%</i>	<i>23.83%</i>	<i>11.0%</i>
EBITDA	15.6	13.0	19.9%
Selver supermarkets	5.1	4.4	15.3%
Department stores	-1.1	-1.7	-35.4%
Car trade	2.4	1.5	61.6%
Security	0.1	0.0	193.8%
Real estate	4.0	3.8	4.3%
IFRS 16	5.2	5.0	4.1%
<i>margin</i>	<i>7.86%</i>	<i>6.84%</i>	<i>15.0%</i>
Operating profit	6.0	3.2	88.3%
<i>margin</i>	<i>3.02%</i>	<i>1.67%</i>	<i>80.6%</i>
Net profit	0.4	-2.2	-119.3%
<i>margin</i>	<i>0.21%</i>	<i>-1.14%</i>	<i>-118.5%</i>
Earnings per share (EUR)	0.01	-0.05	-119.3%

Key ratios	1Q/22	1Q21
Return on equity (ROE)	0.2%	-1.0%
Return on assets (ROA)	0.1%	-0.4%
Quick ratio	0.72	0.73
Debt ratio	0.66	0.67
Inventory turnover (multiplier)	2.06	1.71
Sales revenue per employee (in million EUR)	0.043	0.039
Average number of employees	4,675	4,917

Return on equity (ROE)

= Net profit / Average owners' equity * 100%

Return on assets (ROA)

= Net profit / Average total assets * 100%

Quick ratio

= Current assets / Current liabilities

Debt ratio

= Total liabilities / Balance sheet total

Inventory turnover (multiplier)

= Cost of goods sold / inventories

Sales revenue per employee

= Sales revenue / Average number of employees

Gross profit margin%

= (Sales revenue - Cost of goods sold) / Sales revenue * 100%

In the first quarter of 2022, the consolidated unaudited sales revenue of the Group was 198.9 million euros. Compared to the first quarter of 2021, when comparable sales revenue was 190.8 million euros, the growth was 4.3%. The net profit for the reporting period was 0.4 million euros, which increased by 2.6 million euros compared to the first quarter of 2021. The pre-tax profit was 4.9 million euros, which was 2.7 million euros more than the comparable result of the year before.

The economic result of the Group in the first quarter of 2022 met the Group's expectations. Unlike the year before when the stores of fashion and industrial goods were temporarily closed, all stores of the Group remained open for the entire reporting period this year. The expected normalisation of the economic environment was shaken by the unexpected and frightening aggression of Russia against Ukraine which began in February resulting in an increase in prices and delivery difficulties and changed the regular behaviour of the consumers. In spite of the complicated situation, the Group was able to increase its pre-tax profit or reduce the loss in all segments. In the retail segments, the gross profitability was improved, which in turn helped balance the increases in energy prices and labour costs. Labour costs grew by 7.2% in the first quarter of 2022, while the number of employees declined by 4.9%. The labour efficiency was achieved by merging the processes of the Selver and ABC Supermarkets stores in 2021. The wider use of self-service cash registers, which are becoming increasingly popular among the customers, has also enabled optimising the labour force.

In the Kaubamaja department store segment, the Tallinn department store of Kaubamaja completely renovated the Naistemaailm section in the reporting quarter. Preparations were launched for the designing and construction of a new Selver store in Tartu. The construction of a solar park on the roof of the building of the Pirita Selver has also been launched. In the first quarter, investments were made in updating the e-store platform of the Group, as well as in convenience applications of the loyalty programme. Based on the strategic decision to terminate footwear trade in separate footwear stores, 11 ABC King and SHU stores were closed in the first quarter.

As at 31 March 2022, the volume of assets of the Group was 633.4 million euros – an increase of 0.5% 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 693,000, which is 0.5% less than the year before. The proportion of loyal customers in the Group's turnover was 85.7% (in 2021, it was 87.2%).

Selver supermarkets

The consolidated sales revenue of the supermarket business segment in the first quarter of 2022 was 139.5 million euros, increasing by 4.2% compared to the same period of the previous year. The average monthly sales revenue per square metre of sales area in the first quarter of 2022 was 0.40 thousand euros, increasing by 6.0% compared to the previous period. In terms of comparable stores, the sales revenue of goods per square metre of sales area was also 0.40 thousand euros, growing by 4.3% compared to the reference period. In the first quarter of 2022, 10 million purchases were made from Selver stores, accounting for an increase of 3% compared to the previous year.

The consolidated pre-tax profit of the supermarket segment in the first quarter of was 2.3 million euros, which is 0.8 million euros more than in the previous year. The consolidated net profit of the supermarket segment was 0.1 million euros, which is 0.2 million euros more than last year. The difference between the net profit and loss before income tax is due to the income tax paid on dividends – this year, the income tax on dividends was 0.6 million euros more than in the year before. The entire revenue of the supermarket segment was earned in Estonia.

The actual sales results and the reference base of the supermarket segment include the impacts of COVID-19; the increase in prices and the Ukrainian crisis have also somewhat affected the consumption habits of customers. The prices of many goods and services have increased in the global market and the transition of those increases into final retail prices is impossible for the retail sector to prevent. Several goods of Russian or Ukrainian origin have had to be replaced with alternative products which are somewhat more expensive. The increase in prices has largely stemmed from an increase in the prices of electricity, gas, and fuel, which has significantly increased the operating expenditure of businesses and all this is inevitably carried over to the final prices of all products and services, irrespective of the field. In order to alleviate the increase in prices for the customers, Selver is carrying out a 'price freeze' campaign for the third year in a row, fixing the prices of more than 400 products. In order to counter-balance the price pressure, Selver has taken steps to increase efficiency. Investments in self-service cash registers and IT solutions have had a positive effect on the labour efficiency and on the main process of handling goods. The LIDL store chain which entered the Estonian market with 8 stores in the first quarter this year has not yet had a clearly measurable impact on the sales activities of Selver stores in their first month in operation.

The fact that the Easter holiday was in the first quarter in the reference year but falls in the second quarter this year should also be taken into consideration while comparing the sales results. The lower reference basis in the reference year due to the temporary closing of stores within the framework of the re-branding process of the Selver ABC stores also has an effect.

The sales revenue of the central kitchen of Kulinaaria, which is included in the supermarket segment, increased 21.4% in the first quarter. The pre tax profit decreased by 6.5% in the reference period, mainly due to the depreciation and financial costs arising from the new production building. On the one hand, the remarkable growth in the turnover is based on the decline in the turnover due to the restrictions implemented in the reference period, but successful marketing campaigns have also supported the growth. The production capacity of the new factory has accelerated product development. The central kitchen entered a new segment in the category of confectioneries – the first small torte based on high-quality ingredients was marketed for the International Women’s Day under the trademark of Selveri Köök and more is about to come. Various different confectioneries, desserts, and soups were also brought to the market. There are plans to start offering a breakfast selection in the near future. The catering segment has not recovered to the pre-pandemic level.

Selver is planning to open two new stores this year and renovate up to two stores. Development of the e-store service, for which there is an increasing demand, remains in the focus. While the SelveEkspress service is currently available to the customers at all Selver stores, there are plans to start offering the self-service solution at all Selver ABC stores as well by the end of the year.

As at the end of March, the supermarket segment includes 70 Selver stores, 1 Delice store, the Solaris food store, mobile store and café, with a total sales area of 114.5 thousand m². There is also e-Selver which is the e-store with the largest service area in Estonia, as well as the central kitchen of Kulinaaria OÜ.

Department stores

The sales revenue of the Kaubamaja department stores segment in the first three months of 2022 was 21.7 million euros, which was 20.7% more than in the same period of the previous year. The pre-tax loss of the Kaubamaja department store segment in the first quarter of 2022 was 1.7 million euros. The pre-tax loss decreased by 0.6 million euros. While there was a steep rise in the coronavirus figures in the first quarter last year, which resulted in the closing of all fashion and industrial goods’ stores on 11 March, all stores remained open this year and the customers’ interest in visiting physical stores remained at a high level, supporting an increase in the sales revenues of all stores of the Kaubamaja department store segment.

The sales revenue of the Kaubamaja department stores per square metre of sales area was 0.26 thousand euros per month in the first three months, which is 18% higher than in the same period last year. Kaubamaja opened the spring season on 10 March with a fully renewed Naistemaailm in Tallinn and the ‘Ilu Aeg’ spring campaign was more successful than ever before. The campaigns in February were affected negatively by the full-scale war launched by Russia against Ukraine on 24 February.

In the first quarter of 2022, the sales revenue of OÜ TKM Beauty Eesti, which operates the I.L.U. cosmetics stores, was 1.3 million euros, which was 34.5% more than in the same period in 2021. In the first quarter, the loss was 0.02 million euros, which decreased by 0.04 million euros compared to the comparable period of 2021. Both the ‘Eesti Kuu’ campaign of Estonian products in February and the Women’s Day campaign in March proved successful. Several new trademarks were added to the portfolio. A social campaign was launched in March in cooperation with the Red Cross to collect donations for the people of Ukraine who have suffered in the war.

The sales revenue of the shoe stores of TKM King AS, which are being reported under the Kaubamaja department store segment as of 1 April 2021, was 1.3 million euros in the first quarter of 2022, increasing by 24.1% compared to the same period last year. The loss for the first quarter was 0.4 million euros, which is 0.2 million euros better than in the same period last year. Based on the strategic decision to terminate footwear trade in separate footwear stores, eleven ABC King and SHU stores were closed in the first quarter, which was accompanied by a significant sale of the stocks.

Car trade

The sales revenue of the car trade segment in the first quarter of 2022 was 34.0 million euros. The sales revenue decreased by 6.1% compared to the previous year. The segment's consolidated pre-tax profit in the first quarter was 2.1 million euros, which is 0.6 million euros more than in the previous year. In the first three months of the year, a total of 1,277 new passenger cars were sold. The turnover of the car trade segment dropped primarily due to the continued shortage of new cars. The new vehicles of Peugeot and Škoda were

most affected by delivery problems of the brands represented by the Group. In connection with the reduced availability of new cars, the possibilities for switching an old car for a new one also shrunk, which in turn reduced the stocks of used cars and the respective growth in sales. From the positive perspective, the car shortage has alleviated the price pressure, which has had a positive effect on profitability. Follow-up services are being provided in the normal rhythm and are fulfilling the expectations. The launch of the new KIA Sportage SUV has been successful and the sales have progressed as expected. The new Peugeot 308, the KIA EV6 electric car, and Škoda Fabia have also been added to the selection of models.

Security segment

The sales revenue of the security segment outside the Group in the first quarter of 2022 was 2.3 million euros, increasing by 57.6% in comparison with the same period of last year. The segment broke even in the first quarter, thereby improving the pre-tax profit by 0.1 million euros. The areas of cash transport and control centre services exhibited the fastest growth. The turnover decreased in the area of technology projects, partly due to deliberate reduction of the risks in a complicated environment, but partly also due to delayed deliveries. New customers were gained in all areas in the course of the quarter and the general demand for the services was at a good level. The biggest negative factors affecting the profitability are still the labour shortage and the increase in energy prices. The chance of the technology projects being halted due to issues in the general construction sector has arisen as an additional risk.

Real estate

The sales revenue of the real estate segment outside the Group in the first quarter of 2022 was 1.5 million euros, increasing by 18.5% in comparison with the first quarter of the last year. The pre-tax profit of the segment was 2.6 million euros in the first quarter. The profit increased by 3.9% in the reference period.

The significant increase in the sales revenue of the segment partly stemmed from the impact of the temporary rent discounts provided to the tenants during the restrictions imposed by the Government of the Republic to prevent the spread of COVID-19 in the reference period. The increased sales revenue and profit this year was supported by the new tenants added to the Tartu Kaubamaja centre last year, as well as the opening of the reconstructed business centre in Salaspils, Latvia. The profit has also been affected by a significantly faster increase in energy prices compared to the previous levels. The well-planned and tasteful marketing campaigns became important keywords of the shopping centres managed by the real estate segment in the beginning of the year. The image campaign of the people of Viimsi in which the local people of Viimsi were used as models in the campaign of the Viimsi Keskus centre was redesigned and became very popular.

Preparations have been launched this year for the designing and construction of a new Selver store in Tartu. The construction of a solar park on the roof of the building of the Pirita Selver has begun. The electricity to be generated by using the solar panels will be used for the own consumption of the building. A detailed plan is being drawn up for increasing the building rights on the plot of the Laulasmaa Selver.

Personnel

In the first quarter of 2022, the average number of employees in the Group was 4,675 people, a decrease of 4.9% compared to the same period in 2021 mainly due to the increase in the labour efficiency of the supermarket segment. Total labour costs (wages and social insurance contributions) in the first three months of 2022 were 22.3 million euros, a year-over-year growth of 7.2%. The monthly average salary costs per employee increased 12.8% in comparison with the average salary of the first quarter of 2021.

Approval of the chairman of the management board and signature to the report

The chairman of the management board confirms that the management report gives a true and fair overview of the most important events during the reporting period and their effects on the accounting report; it includes a description of the main risks and uncertainties during the remaining financial year and reflects transactions with related parties.



Raul Puusepp
Chairman of the Management Board

Tallinn, 12 April 2022

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 first quarter of 2022 as set out on pages 13-33.

The Chairman of the Management Board confirms that:

1. the accounting policies used in preparing the interim financial statements are in compliance with International Financial Reporting Standard as adopted in the European Union;
2. the interim financial statements give a true and fair view of the financial position, the results of the operations and the cash flows of the Parent and the Group;
3. Tallinna Kaubamaja Grupp AS and its subsidiaries are going concerns.



Raul Puusepp
Chairman of the Management Board

Tallinn, 12 April 2022

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros

	Note	31.03.2022	31.12.2021
ASSETS			
Current assets			
Cash and cash equivalents	2	33,001	29,981
Trade and other receivables	3	19,299	20,673
Inventories	5	71,181	68,369
Total current assets		123,481	119,023
Non-current assets			
Long-term receivables and prepayments	8	304	304
Investments in associates	7	1,803	1,745
Investment property	9	62,757	62,690
Property, plant and equipment	10	424,537	431,263
Intangible assets	11	20,490	20,284
Total non-current assets		509,891	516,286
TOTAL ASSETS		633,372	635,309
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings	12	41,949	40,646
Trade and other payables	13	130,739	111,345
Total current liabilities		172,688	151,991
Non-current liabilities			
Borrowings	12	243,304	238,705
Deferred tax liabilities	14	4,476	4,476
Provisions for other liabilities and charges		311	267
Total non-current liabilities		248,091	243,448
TOTAL LIABILITIES		420,779	395,439
Equity			
Share capital	15	16,292	16,292
Statutory reserve capital		2,603	2,603
Revaluation reserve		108,887	109,543
Retained earnings		84,811	111,432
TOTAL EQUITY		212,593	239,870
TOTAL LIABILITIES AND EQUITY		633,372	635,309

The notes presented on pages 18 to 33 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	3 months 2022	3 months 2021
Revenue	16	198,923	190,766
Other operating income		327	205
Cost of merchandise	5	-146,313	-145,316
Services expenses	17	-14,637	-11,526
Staff costs	18	-22,347	-20,837
Depreciation, amortisation and impairment losses	10, 11	-9,642	-9,857
Other expenses		-313	-250
Operating profit		5,998	3,185
Finance income		1	1
Finance costs		-1,159	-1,076
Share of net profit of associates accounted for using the equity method	7	58	48
Profit before tax		4,898	2,158
Income tax expense	15	-4,479	-4,333
NET LOSS FOR THE FINANCIAL YEAR		419	-2,175
Other comprehensive income: <i>Items that will not be subsequently reclassified to profit or loss</i>			
Other comprehensive income for the financial year		0	0
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		419	-2,175
Basic and diluted earnings per share (euros)	19	0.01	-0.05

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

The notes presented on pages 18 to 33 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

In thousands of euros

	Note	3 months 2022	3 months 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss		419	-2,175
Adjustments:			
Interest expense		1,159	1,076
Interest income		-1	-1
Depreciation, amortisation and impairment losses	10, 11	9,637	9,799
Loss on write-off property, plant and equipment	10	5	58
Profit on sale of property, plant and equipment	10	-35	0
Effect of equity method	7	-58	-48
Interest paid on lease liabilities	12	-850	-722
Change in inventories		-3,230	-7,718
Change in receivables and prepayments related to operating activities		1,375	132
Change in liabilities and prepayments related to operating activities		-8,290	-4,313
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		131	-3,912
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	10	-2,695	-4,523
Proceeds from sale of property, plant and equipment	10	37	0
Purchase of investment property	9	-67	-61
Purchase of intangible assets	11	-135	-125
Business combinations	6,11	0	-120
Interest received		1	1
TOTAL CASH FLOWS USED IN INVESTING ACTIVITIES		-2,859	-4,828
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	12	5,489	625
Repayments of borrowings	12	-3,186	-3,022
Change in overdraft balance	12	7,979	9,096
Payments of principal of leases	12	-4,335	-4,260
Proceeds from government grant	10	133	0
Interest paid		-332	-384
TOTAL CASH FLOWS USED IN FINANCING ACTIVITIES		5,748	2,055
TOTAL CASH FLOWS		3,020	-6,685
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	33,001	26,072
Net change in cash and cash equivalents		3,020	-6,685

The notes presented on pages 18 to 33 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
Balance as of 31.12.2020	16,292	2,603	102,630	-149	101,631	223,007
Net loss for the reporting period	0	0	0	0	-2,175	-2,175
Total comprehensive loss for the reporting period	0	0	0	0	-2,175	-2,175
Reclassification of depreciation of revalued land and buildings	0	0	-593	0	593	0
Dividends declared	0	0	0	0	-24,437	-24,437
Total transactions with owners	0	0	0	0	-24,437	-24,437
Balance as of 31.03.2021	16,292	2,603	102,037	-149	75,612	196,395
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
Total comprehensive income for the reporting period	0	0	9,284	149	31,867	41,300
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
Total transactions with owners	0	0	0	0	-24,437	-24,437
Balance as of 31.12.2021	16,292	2,603	109,543	0	111,432	239,870
Net profit for the reporting period	0	0	0	0	419	419
Total comprehensive income for the reporting period	0	0	0	0	419	419
Reclassification of depreciation of revalued land and buildings	0	0	-656	0	656	0
Dividends declared	0	0	0	0	-27,696	-27,696
Total transactions with owners	0	0	0	0	-27,696	-27,696
Balance as of 31.03.2022	16,292	2,603	108,887	0	84,811	212,593

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

The notes presented on pages 18 to 33 form an integral part of these 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 (Note 28), 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 first quarter and 3 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

	31.03.2022	31.12.2021
Cash on hand	1,029	1,167
Bank accounts	31,127	27,586
Cash in transit	845	1,228
Total cash and cash equivalents	33,001	29,981

Note 3. Trade and other receivables

in thousands of euros

	31.03.2022	31.12.2021
Trade receivables (Note 4)	14,019	17,106
Other short-term receivables	528	461
Total financial assets from balance sheet line "Trade and other receivables"	14,547	17,567
Prepayment for goods	2,922	2,029
Other prepaid expenses	1,771	998
Prepaid rental expenses	9	9
Prepaid taxes (Note 14)	50	70
Total trade and other receivables	19,299	20,673

Note 4. Trade receivables

in thousands of euros

	31.03.2022	31.12.2021
Trade receivables	12,185	13,766
Allowance for doubtful receivables	-53	-53
Receivables from related parties (Note 20)	452	397
Credit card payments (receivables)	1,435	2,996
Total trade receivables	14,019	17,106

Note 5. Inventories

in thousands of euros

	31.03.2022	31.12.2021
Goods purchased for resale	70,543	67,722
Tare and materials	638	647
Total inventories	71,181	68,369

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

	3 months 2022	3 months 2021
Write-down and write-off of inventories	2,972	2,959
Inventory stocktaking deficit	622	561
Total materials and consumables used	3,594	3,520

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 31.03.2022	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	Retail 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
TKM King AS	Estonia, Tallinn	Retail trade	100%	2008
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
Total identifiable net assets	120
Consideration of ownership of assets	120
Cash and cash equivalents in the acquired business	120
Net outflow of cash – investing activities	-120

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

In 2022, there were no business combinations.

Note 7. Investments in associates

in thousands of euros

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.

	31.03.2022	31.12.2021
Investment in the associate at the beginning of the year	1,745	1,712
Profit for the reporting period under equity method	58	183
Dividends received	0	-150
Investment in the associate at the end of the accounting period	1,803	1,745

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

	31.03.2022	31.12.2021
Current assets	262	141
Property, plant and equipment	3,400	3,409
Current liabilities	55	60
Owners' equity	3,606	3,489
	3 months 2022	3 months 2021
Revenue	135	135
Net profit	116	96

Note 8. Long-term receivables and prepayments

in thousands of euros

	31.03.2022	31.12.2021
Prepaid rental expenses	196	196
Deferred tax asset	26	26
Other long-term receivables	82	82
Total long-term trade and other receivables	304	304

Note 9. Investment property

in thousands of euros

Carrying value as at 31.12.2020	60,347
Purchases and improvements	501
Net loss from fair value adjustment	1,842
Carrying value as at 31.12.2021	62,690
Purchases and improvements	67
Carrying value as at 31.03.2022	62,757

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.

In the reporting period, renovation work was carried out for investment property in Latvia, Ogre for 67 thousand euros.

In 2021 renovation work for investment property amounted to 501 thousand euros. Renovation work was carried out for investment property in Latvia: Salaspils shopping centre for 172 thousand euros and Kuldiga shopping centre for 63 thousand euros. Renovation work was carried out for Tartu Kaubamaja in the amount of 243 thousand euros and Viimsi Centre for 23 thousand euros.

No fair value change of investment property was identified in 2022.

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
31.12.2020						
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
Carrying value	186,379	142,349	20,627	16,598	22,804	388,757
Changes occurred in 2021						
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
31.12.2021						
Cost or revalued amount	194,343	221,083	60,362	52,949	31,878	560,615
Accumulated depreciation and impairment	0	-50,464	-34,976	-34,846	-9,066	-129,352
Carrying value	194,343	170,619	25,386	18,103	22,812	431,263
Changes occurred in 2022						
Purchases and improvements	789	0	781	815	177	2,562
Other reclassifications	0	0	57	0	0	57
Reclassification to intangible assets (Note 11)	0	0	0	0	-187	-187
Reclassification to inventory	0	0	-84	0	0	-84
Reclassification to property, plant and equipment from inventory	0	0	496	1	2	499
Disposals	0	0	-2	0	0	-2
Write-offs	0	0	-4	-1	0	-5
Adjustment to right-of use assets	0	-45	0	0	0	-45
Depreciation	-1,655	-4,758	-1,645	-1,463	0	-9,521
31.03.2022						
Cost or revalued amount	195,131	221,038	60,882	53,714	31,870	562,635
Accumulated depreciation and impairment	-1,654	-55,222	-35,897	-36,259	-9,066	-138,098
Carrying value	193,477	165,816	24,985	17,455	22,804	424,537

The cost of investments for the 3 months of 2022 amounted to 2,697 thousand euros (including purchases of property, plant and equipment in the amount of 2,562 thousand euros and purchases of intangible assets amounted to 135 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 694 thousand euros. In the reporting period, computing technology for SelveEkspress self-service cashers were purchased. Project of transition to digital price tags in Selver stores continued and

were renewed store fittings.

The cost of purchases of property, plant and equipment in the business segment of department stores amounted to 1,503 thousand euros. In the reporting period, Kaubamaja opened renewed Women's Department in Tallinna Kaubamaja.

The cost of purchases of property, plant and equipment in the reporting period was 98 thousand euros in the car trade business segment.

The cost of purchases of property, plant and equipment in the real estate business segment amounted to 214 thousand euros.

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

Note 11. Intangible assets

in thousands of euros

	Goodwill	Trademark	Beneficial agreements	Capitalised development expenditure	Total
31.12.2020					
Cost	16,869	5,599	0	2,956	25,424
Accumulated amortisation and impairment	0	-3,807	0	-1,469	-5,276
Carrying value	16,869	1,792	0	1,487	20,148
Changes occurred in 2021					
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
31.12.2021					
Cost	16,869	5,599	120	3,394	25,982
Accumulated amortisation and impairment	0	-4,098	-14	-1,586	-5,698
Carrying value	16,869	1,501	106	1,808	20,284
Changes occurred in 2022					
Purchases and improvements	0	0	0	135	135
Reclassification from property, plant and equipment (Note 10)	0	0	0	187	187
Amortisation	0	-68	-5	-43	-116
31.03.2022					
Cost	16,869	5,599	120	3,716	26,304
Accumulated amortisation and impairment	0	-4,166	-19	-1,629	-5,814
Carrying value	16,869	1,433	101	2,087	20,490

In the reporting period, the Group capitalised costs of a web page update, loyalty card web page update, loyalty card - Monthly Card and e-shop as development expenditure in the amount of 135 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 has been fully amortised in 2020, but its use will continue.

Trademark at value of 180 thousand euros was acquired in 2014 through purchase of Viking Security AS shares. Trademark was 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	31.03.2022	31.12.2021
Supermarkets	13,609	13,609
Car trade	3,156	3,156
Security	104	104
Total	16,869	16,869

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

Note 12. Borrowings

in thousands of euros	31.03.2022	31.12.2021
Short-term borrowings		
Overdraft	15,286	7,308
Bank loans	11,644	13,662
Lease liabilities	12,526	16,838
Other borrowings	2,493	2,838
Total short-term borrowings	41,949	40,646

in thousands of euros	31.03.2022	31.12.2021
Long-term borrowings		
Bank loans	77,156	72,489
Lease liabilities	160,905	160,973
Other borrowings	5,243	5,243
Total long-term borrowings	243,304	238,705
Total borrowings	285,253	279,351

Borrowings received in thousands of euros	3 months 2022	3 months 2021
Overdraft	7,979	9,096
Bank loans	5,000	0
Other borrowings	489	625
Total borrowings received	13,468	9,721

Borrowings paid
in thousands of euros

	3 months 2022	3 months 2021
Bank loans	2,350	2,350
Lease liabilities	4,335	4,260
Other borrowings	836	672
Total borrowings paid	7,521	7,282

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 31.03.2022, the repayment dates of bank loans are between 08.04.2022 and 15.06.2026 (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 1.40% (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 1.57% (31.12.2021: 1.57%).

Net debt reconciliation

in thousands of euros

	31.03.2022	31.12.2021
Cash and cash equivalents (Note 2)	33,001	29,981
Short-term borrowings	-41,949	-40,646
Long-term borrowings	-243,304	-238,705
Net debt	-252,252	-249,370
Cash and cash equivalents (Note 2)	33,001	29,981
Gross debt – fixed interest rates	-180,035	-184,555
Gross debt – variable interest rates	-105,218	-94,796
Net debt	-252,252	-249,370

	Cash and cash equivalents	Overdraft	Borrowings	Lease liabilities	Total
Net debt 31.12.2020	32,757	-12,650	-107,823	-146,278	-233,994
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
Net debt 31.12.2021	29,981	-7,308	-94,232	-177,811	-249,370
Cash flow (principal and interest)	3,020	-7,978	-1,972	5,185	-1,745
Interest accrued	0	0	-332	-850	-1,182
Revaluation of lease liabilities	0	0	0	45	45
Net debt 31.03.2022	33,001	-15,286	-96,536	-173,431	-252,252

Note 13. Trade and other payables

in thousands of euros

	31.03.2022	31.12.2021
Trade payables	69,058	77,955
Payables to related parties (Note 20)	4,337	5,263
Other accrued expenses	50	96
Prepayments by tenants	3,525	3,428
Total financial liabilities from balance sheet line "Trade and other payables"	76,970	86,742
Taxes payable (Note 14)	8,967	9,729
Dividends declared (Note 15)	27,696	0
Income tax liability on dividends (Note 15)	4,479	0
Employee payables	8,805	10,123
Prepayments	3,296	4,026
Short-term provisions*	526	725
Total trade and other payables	130,739	111,345

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

Note 14. Taxes

in thousands of euros

	31.03.2022		31.12.2021	
	Prepaid taxes	Taxes payable	Prepaid taxes	Taxes payable
Prepaid taxes	50	0	70	0
Value added tax	0	3,305	0	4,356
Personal income tax	0	1,601	0	1,409
Social security taxes	0	3,667	0	3,525
Corporate income tax	0	24	0	87
Unemployment insurance	0	231	0	229
Mandatory funded pension	0	139	0	123
Total taxes	50	8,967	70	9,729

As of 31.03.2022 deferred tax liability on dividends in the amount of 4,476 thousand euros (31.12.2021: 4,476 thousand euros) is recorded in the balance sheet.

Note 15. Share capital

As of 31.03.2022 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 declared to the shareholders in the amount of 27,646 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, footwear trade, beauty products (I.L.U.) and security segments. The measures of I.L.U. and footwear segment are 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

3 months 2022	Super markets	Department store	Car trade	Security	Real estate	Inter-segment transactions	Impact of lease accounting	Total segments
External revenue	139,524	21,656	33,995	2,272	1,476	0	0	198,923
Inter-segment revenue	275	1,043	158	1,168	3,627	-6,271	0	0
Total revenue	139,799	22,699	34,153	3,440	5,103	-6,271	0	198,923
EBITDA	5,097	-1,073	2,372	94	3,965	0	5,185	15,640
Segment depreciation and impairment losses	-2,791	-597	-192	-87	-1,217	0	-4,758	-9,642
Operating profit/loss	2,306	-1,670	2,180	7	2,748	0	427	5,998
Finance income	74	55	1	1	34	-164	0	1
Finance income on shares of associates (Note 7)	0	58	0	0	0	0	0	58
Finance costs	-116	-113	-75	-3	-166	164	-850	-1,159
Income tax	-2,143	-450	-428	-32	-1,426	0	0	-4,479
Net profit/loss	121	-2,120	1,678	-27	1,190	0	-423	419
incl. in Estonia	121	-2,120	1,423	-27	1,043	0	-423	17
incl. in Latvia	0	0	-16	0	156	0	0	140
incl. in Lithuania	0	0	271	0	-9	0	0	262
Segment assets	140,061	66,072	42,801	3,781	288,402	-73,561	165,816	633,372
Segment liabilities	109,686	88,064	26,922	3,307	83,197	-63,828	173,431	420,779
Segment investments in property, plant and equipment (Note 10)	694	1,503	98	53	214	0	0	2,562
Segment investments in intangible assets (Note 11)	0	135	0	0	0	0	0	135

in thousands of euros

3 months 2021	Super markets	Department store	Car trade	Security	Real estate	Inter-segment transactions	Impact of lease accounting	Total segments
External revenue	133,916	17,940	36,222	1,442	1,246	0	0	190,766
Inter-segment revenue	243	969	141	1,718	3,527	-6,598	0	0
Total revenue	134,159	18,909	36,363	3,160	4,773	-6,598	0	190,766
EBITDA	4,420	-1,661	1,468	32	3,801	0	4,982	13,042
Segment depreciation and impairment losses	-2,868	-592	-160	-83	-1,151	0	-5,003	-9,857
Operating profit/loss	1,552	-2,253	1,308	-51	2,650	0	-21	3,185
Finance income	75	116	0	0	62	-252		1
Finance income on shares of associates (Note 7)	0	48	0	0	0			48
Finance costs	-158	-141	-109	-4	-194	252	-722	-1,076
Income tax	-1,542	-407	-278	-24	-2,082	0		-4,333
Net profit/loss	-73	-2,637	921	-79	436	0	-743	-2,175
incl. in Estonia	-73	-2,637	959	-79	436	0	-743	-2,137
incl. in Latvia	0	0	-31	0	12	0		-19
incl. in Lithuania	0	0	-7	0	-12	0		-19
Segment assets	137,927	69,719	41,881	3,210	287,480	-84,356	142,206	598,067
Segment liabilities	116,625	85,158	31,983	2,631	93,021	-74,624	146,878	401,672
Segment investments in property, plant and equipment (Note 10)	3,866	368	98	17	174	0	0	4,523
Segment investments in intangible assets (Note 11)	0	125	0	0	0	0	0	125

External revenue according to types of goods and services sold

in thousands of euros

	3 months 2022	3 months 2021
Retail revenue	179,421	173,690
Wholesale revenue	10,498	9,037
Rental income	2,394	2,352
Revenue for rendering services	6,610	5,687
Total revenue	198,923	190,766

External revenue by client location

in thousands of euros

	3 months 2022	3 months 2021
Estonia	187,399	177,257
Latvia	5,954	10,297
Lithuania	5,570	3,212
Total	198,923	190,766

Distribution of non-current assets* by location of assets

in thousands of euros

	31.03.2022	31.12.2021
Estonia	472,404	478,568
Latvia	33,554	33,849
Lithuania	2,130	2,124
Total	508,088	514,541

* 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

	3 months 2022	3 months 2021
Rental expenses	148	126
Heat and electricity expenses	3,959	2,481
Expenses related to premises	2,425	1,766
Cost of services and materials related to sales	2,003	1,992
Marketing expenses	2,098	1,796
Other operating expenses	1,082	1,190
Computer and communication costs	1,855	1,531
Expenses related to personnel	1,067	644
Total other operating expenses	14,637	11,526

Note 18. Staff costs

in thousands of euros

	3 months 2022	3 months 2021
Wages and salaries	16,976	15,824
Social security taxes	5,371	5,013
Total staff costs	22,347	20,837
Average wages per employee per month (euros)	1,210	1,073
Average number of employees in the reporting period	4,675	4,917

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.

	3 months 2022	3 months 2021
Net profit/loss (in thousands of euros)	419	-2,175
Weighted average number of shares	40,729,200	40,729,200
Basic and diluted earnings per share (euros)	0.01	-0.05

Note 20. Related party transactions

in thousands of euros

In preparing the consolidated interim report of Tallinna Kaubamaja Grupp AS, the following parties have been considered as related parties:

- a. owners (Parent and the persons controlling or having significant influence over the Parent);
- b. associates;
- c. other entities in the Parent's consolidation group.
- d. management and supervisory boards of the Group companies;
- e. close relatives of the persons described above and the entities under their control or significant influence.

Parent company of Tallinna Kaubamaja Grupp AS is OÜ NG Investeeringud (Parent company), operating in Estonia. Majority shareholder of OÜ NG Investeeringud is NG Kapital OÜ, operating in Estonia. 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 3 months 2022	Sales 3 months 2022	Purchases 3 months 2021	Sales 3 months 2021
Parent	53	1	69	0
Entities in the Parent's consolidation group	6,647	934	7,161	1,035
Members of management and supervisory boards	0	1	0	2
Other related parties	0	17	7	2
Total	6,700	953	7,237	1,039

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:

	31.03.2022	31.12.2021
Receivables from entities in the in the Parent's consolidation group (Note 4)	452	396
Other related parties (Note 4)	0	1
Total receivables from related parties	452	397

	31.03.2022	31.12.2021
Parent	21	21
Entities in the Parent's consolidation group	4,316	5,226
Other related parties	0	16
Total liabilities to related parties (Note 13)	4,337	5,263

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 three months, the Group has not earned interest income on its deposits of available funds (2021: 0 euros). As at 31 March 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 1,357 thousand euros (2021 3 months: 878 thousand euros). Short-term benefits to supervisory boards' members of the Group in reporting period including social taxes amounted to 216 thousand euros (2021 3 months: 168 thousand euros).

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