

TALLINNA KAUBAMAJA GRUPP AS

**Consolidated Interim Report for
the Second quarter and first 6 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 Nasdaq Baltic 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:	30 June 2022
Auditor:	PricewaterhouseCoopers AS
Telephone:	372 667 3300
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MANAGEMENT REPORTManagement

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 Kõo (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 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 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 June 30, 2022:

Selver supermarkets	Location	Shareholding as of 30.06.2022	Shareholding as of 31.12.2021
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%

		Shareholding as of 30.06.2022	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%

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.

During the reporting period, the closure of TKM King AS retail stores specializing in footwear sales was completed, and the company continued to operate in the field of importing footwear. On July 7, 2022, the Group announced to the stock exchange the decision to merge the companies Selver AS and TKM King AS, according to which the assets, rights and obligations of TKM King AS will transfer wholly to Selver AS. The aim of the merger is to assemble the import of footwear, as well as other industrial goods intended mainly for the supermarket segment, into Selver AS. The merger is planned to be carried out in 2022.

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' 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 June 2022 at the level of 10.04 euros, decreased by 10.5% in six 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 Nasdaq Baltic from 01.01.2022 to 30.06.2022.

In euros



SHARE	Q2/22	Q2/21	H1/22	H1/21
Average number of shares (1000 pcs)	40,729.2	40,729.2	40,729.2	40,729.2
Equity capital per share (EUR/share)	5.48	5.07	5.48	5.07
Share's closing price (EUR/share)	10.04	9.44	10.04	9.44
Earnings per share (EUR)	0.26	0.24	0.27	0.19

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 crisis reserves. The warfare has resulted in delayed and interrupted deliveries. The war may cause delays in IT developments due to the resource issues of the developers of the development partners. The administrative burden in connection to monitor and implement international sanctions, imposed by the European Union, has grown strongly. The arrival of Ukrainian war refugees may alleviate the sharp labour deficiency to some extent. By the end of the second quarter, the Group has employed approximately one hundred 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.

The risk of an interest rate increase is being realised as a financial risk. To curb inflation, the US and European central banks have started to act vigorously and have raised or are planning to raise interest rates. This, in turn, has led to a rapid rise in the Euribor rates used for interbank settlements, which have remained negative for years. The borrowings of the Group at variable interest rates as at 30 June 2022 were 111.2 million euros (see note 12), a large part of which is related to Euribor. Considering the publicly forecasted rise in Euribor at the time of preparing the report, the Group estimates that in 2022, the aforementioned interest rate increases will not have a significant impact on the financial results of the Group.

Sustainable entrepreneurship

In the second quarter, a number of activities promoting the balance of the social, natural, and economic environment were carried out.

Kaubamaja AS launched the sustainability label 'World. One and only', which helps customers to make more environmentally conscious purchases in the Kaubamaja e-store. The labels are divided into three categories – the product is vegan; the product is made of organic, i.e. pesticide-free, ecological material; principles of circular economy have been used in the production of the product. Educating customers and making it easier to make sustainable choices is an important goal for Kaubamaja, therefore the summer magazine Hooaeg and the Kaubamaja podcast focus on sustainability.

The internal trainings, which took place irregularly due to the COVID-19 pandemic, are back on schedule, and the Kaubamaja Service Conference was also held. In order to promote health, an employee step count challenge, which has become an annual tradition, was organised, during which, more than a million steps were taken in total. On 11 May, Kaubamaja celebrated Diversity Day, in the framework of which the customs, food, and traditions of various cultures were discussed.

In June, the new Priisle Selver with a total area of 1,500 square metres was opened in the Lasnamäe district in Tallinn. The entire lighting solution of the store is based on LED technology and the choice of equipment was based on environmentally friendly solutions. The cold storage and freezing facilities of the store operate on a CO₂-based cooling system, which ensures energy consumption savings of up to a fifth compared to older analogues. The residual heat from the refrigerators is used in the ventilation system to heat the building and water. Construction work is in the final stages to build a solar park on the roof of the Pirita Selver. A similar park is planned to be built on the roof of the Viimsi Centre.

In April, three balanced baked porridges were launched under the Selveri Köök brand. The porridges have a good balance of proteins, fats, carbohydrates, and fibres, thereby supporting a healthy diet. Package sorting instructions have been added to the new packages of Kulinaaria products to educate consumers on how to correctly sort the packages of ready-to-eat Kulinaaria products.

Economic environment

According to Statistics Estonia, economic growth slowed down compared to the previous year due to rising prices. The economy grew by 4.3% in the first quarter of 2022. According to Statistics Estonia, the largest positive impact on economic growth was in the field of information and communication, followed by the manufacturing industry, transportation and warehousing, and professional, scientific, and technical activities. The energy sector was the main factor slowing down the economy, but trade and the financial sector also played a significant negative role. According to various macroanalysts, the growth of the economy will slow down further in 2022, remaining at 1.5% in total for the year. The rapid rise in energy prices has triggered price increases in other sectors as well. In the first six months of the year, the consumer price index has climbed in Estonia at an ever-increasing pace, reaching 16.6% in the six-month total. The price of food and non-alcoholic beverages rose by 14.4% and the price of clothing and footwear by 4.8%. Price growth was driven by price increases in housing (46.8%) and transportation costs (24.0%) caused by higher prices for motor fuel and electricity used in homes. In the second quarter, the price increase was 20.2%. The price increase of housing costs was 62.3%. According to the forecast of Eesti Pank, inflation in 2022 will be nearly 15%, primarily due to the impact of energy price increases on other areas. In comparison with the first quarter of last year, the average monthly gross wages increased by 8.1%, reaching 1,593 euros in the first quarter. According to the Tax Board, wage growth, similar to price growth, has accelerated in recent months. According to Eesti Pank, in addition to the 12% increase in the minimum wage that entered into force at the beginning of 2022, wage increases in the public sector and a large increase in consumer prices will give further impetus to wage growth, probably raising wages by nearly 11% in 2022.

According to Statistics Estonia, the sales revenue generated by commercial establishments in current prices in Estonia increased by 20.0% in the first five months of 2022. The increase in prices is considered the main reason for the sharp upturn. Retail sales of motor fuel (54.6%) showed the largest increase in sales revenue. Sales revenue in non-specialised stores (primarily foodstuffs) grew by 10.0% in total in the first five months of the year. The registration of new passenger cars in the first six months of 2022 decreased by 14.4% in Estonia, according to the Estonian Association of Car Dealers and Service Companies (AMTEL). Although, according to AMTEL, the registration of new passenger cars was also down 11.5% in the first five months of the year, the sales revenue of the wholesale and retail sale and repair segment of motor vehicles and motorcycles has increased by 12.9% in the first five months of 2022 according to Statistics Estonia, indicating the increase in prices and the greater circulation of used cars. In recent months, the Estonian consumer confidence index fell to a record low, being even lower than the indicators during the 2020 corona pandemic and the 2009 crisis. However, such a sharp drop may also be due to the change in the survey methodology that took place in May.

Economic results

Financial ratios

In million EUR	Q2/22	Q2/21	Change %	H1/22	H1/21	Change %
Revenue	213.0	207.2	2.8%	411.9	398.0	3.5%
Selver supermarkets	143.8	141.2	1.8%	283.3	275.1	3.0%
Department stores	26.8	20.8	28.7%	48.5	38.8	25.0%
Car trade	38.6	41.8	-7.6%	72.6	78.0	-6.9%
Security	2.3	2.2	2.5%	4.5	3.7	24.2%
Real estate	1.5	1.2	30.8%	3.0	2.4	24.5%
<i>margin</i>	27.95%	25.20%	10.9%	27.22%	24.54%	10.9%
EBITDA	21.6	20.7	4.7%	37.3	33.7	10.6%
Selver supermarkets	6.0	7.6	-20.1%	11.1	12.0	-7.0%
Department stores	2.8	1.9	49.7%	1.8	0.2	653.4%
Car trade	3.4	2.4	39.8%	5.8	3.9	48.0%
Security	0.1	0.1	-12.2%	0.2	0.2	26.3%
Real estate	4.1	3.7	11.6%	8.1	7.5	7.9%
IFRS 16	5.1	4.9	3.4%	10.3	9.9	3.8%
<i>margin</i>	10.15%	9.97%	1.9%	9.05%	8.47%	6.8%
Operating profit	11.8	11.0	7.3%	17.8	14.2	25.5%
<i>margin</i>	5.56%	5.33%	4.4%	4.33%	3.57%	21.2%
Net profit	10.7	9.9	7.7%	11.1	7.7	43.4%
<i>margin</i>	5.01%	4.78%	4.7%	2.69%	1.94%	38.5%
Earnings per share (EUR)	0.26	0.24	7.7%	0.27	0.19	43.4%

Key ratios	Q2/22	Q2/21	H1/22	H1/21
Return on equity (ROE)	4.9%	4.7%	5.1%	3.7%
Return on assets (ROA)	1.7%	1.7%	1.8%	1.3%
Quick ratio	0.81	0.78	0.81	0.78
Debt ratio	0.64	0.65	0.64	0.65
Inventory turnover (multiplier)	2.15	2.06	4.19	3.99
Sales revenue per employee (in million EUR)	0.045	0.042	0.088	0.081
Average number of employees	4,698	4,935	4,686	4,926

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

In the second quarter of 2022, the consolidated unaudited sales revenue of the Group was 213.0 million euros, which was 2.8% more than the sales revenue of the same period in 2021. The sales revenue in the first half of the year was 411.9 million euros, showing a growth of 3.5% compared to the result of the first half of 2021, when the sales revenue was 398.0 million euros. In the second quarter of 2022, the Group's unaudited consolidated net profit was 10.7 million euros, which is 7.7% higher than the profit of the comparable period in the previous year. The Group's net profit of the first six months of 2022 was 11.1 million euros, which was 43.4% higher than the result of the previous comparable period. The pre-tax profit earned in the first half of 2022 was 15.6 million euros, showing a 29.0% increase compared to last year. Net profit was affected by the dividend payment, from which 4.5 million euros of income tax was calculated in the first quarter of 2022; 4.3 million euros of income tax was calculated a year before.

Segments contributed quite differently to the growth of the sales revenue of the Group in the second quarter. The highest revenue growth (30.8%) was achieved by the real estate segment that was affected by corona restrictions in the second quarter of 2021, which, however, has a small impact on the total sales of the Group. For the same reason, the sales revenue of the Kaubamaja department store segment grew strongly. The growth of the sales revenue of the supermarket segment slowed down in the second quarter due to the change in the purchase behaviour of customers due to the startling price increase. Sales in the car trade segment of the Group, which was struggling with supply chain issues, fell slightly. At the end of the quarter, in addition to supply chain issues, the general cooling of the car market was evident. The cost base of the Group was affected by fuel and electricity costs with rapidly increasing prices and wage costs that increased under the pressure of price growth. The Group was able to maintain a strong sales margin, mainly thanks to the car trade segment, where the limited availability of cars allowed for more profitable pricing.

On 16 June, the new Priisle Selver with a total area of 1,500 m² was opened in the Lasnamäe district in Tallinn. The Priisle Selver is located on the ground floor of the ten-story new development Priisle Kodu. The format of the store is a supermarket, with an assortment of approximately 10,000 articles of food and consumer goods. This year, it is planned to open another supermarket and to renovate one store as well. In addition, there are plans to expand the SelveEkspress self-service solution to all Selver ABC stores. The focus is still on updating the platforms of the e-stores, for which demand is growing, and developing services. Construction work is in the final stages to build a solar park on the roof of the Pirita Selver building, where electricity is used for own consumption. A similar park is planned to be built on the roof of the Viimsi Centre in the near future. Design work for a new Selver store is underway in Tartu. The Kulinaaria central kitchen, which was thoroughly updated and expanded last year, entered another new product segment – the breakfast category. The new series 'Hea päeva algus!' ('A good start to the day!') was launched. The assortment includes creamy and sweet slow-cooked porridges for lovers of traditional taste and oat-based baked porridges with balanced nutrients for the health-conscious consumer. More products will be added to the breakfast category in the coming months. A new seasonal cold soup was also launched. At the beginning of the reporting period, an in-house Bepco box transport line was launched at the Kulinaaria factory, which allows moving finished products in boxes along the conveyor belt directly to the goods issuing warehouse. The Kulinaaria automation project in cooperation with TalTech, which started in 2019, will be continued from autumn. One of the major renovation projects of the sales space of the first half of 2022 was the opening of the renovated Naistemaailm (Women's department) in the Kaubamaja Tallinn sales building in the first quarter, where both the physical environment and the selection of brands were updated. 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 30 June 2022, the volume of assets of Tallinna Kaubamaja Group was 613.6 million euros – a decrease of 4.0% 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 over 696 thousand, decreasing by 0.2% year on year. The proportion of loyal customers in the turnover of the Group was 84.6% (during the first six months of 2021, it was 86.5%). The loyalty program buy-now-pay-later Partner Kuukaart functionality has been on the market for almost two years now. With this functionality, the customer can, immediately after opening the purchase limit in self-service, pay for all purchases made in the Group's retail stores and e-shops in the following month with one invoice. Nearly 16 thousand loyal customers actively used this functionality as of the end of the reporting period. TKM Finants AS, a 100% subsidiary of the Group, has been issued a creditor's licence. It has been decided to consolidate the financial services of the Group into one subsidiary company, TKM Finants AS. In this regard, in August of this year, it is planned to transfer the facility related to the Kuukaart service of Tallinna Kaubamaja Grupp AS to TKM Finants AS. This change does not entail any changes in the terms and conditions of the contracts concluded with Kuukaart customers. It is planned to expand the portfolio of financial services offered by TKM Finants AS and to start offering payments by instalments to private individuals in the retail segments of the Group.

Selver supermarkets

The consolidated sales revenue of the supermarket business segment was 283.3 million euros in the first half of the 2022, increasing by 3.0% in comparison with the same period of last year. The consolidated sales revenue was 143.8 million euros in the second quarter, increasing by 1.8% in comparison with the same period of last year. In the first six months and during the second quarter of 2022, the average sales revenue per square metre of selling space was

0.40 thousand euros per month, which is respectively 3.1% and 0.3% higher than during the same periods last year. From the point of view of comparable stores, the revenue from the sale of goods per square metre of selling space was 0.41 thousand euros in both the first half of the year and in the second quarter, increasing by 2.8% and 1.3% respectively, compared to the reference period. During the first six months of 2022, 21 million purchases were made from the stores, which was 2.5% more than in the reference year.

In the second quarter of 2022, both the pre-tax profit and net profit were 3.1 million euros, which is 1.7 million euros less than in the reference period. The consolidated pre-tax profit of the supermarkets segment in the first six months was 5.4 million euros, dropping by 0.9 million euros in comparison with the previous year. In the first six months, the net profit was 3.3 million euros, which signifies a decrease of 1.5 million euros in comparison with the previous year. The difference between the net profit and profit before income tax is due to the income tax paid on dividends – this year, the income tax on dividends was 0.6 million euros higher than in the year before. The entire revenue of the supermarket segment was earned in Estonia.

The financial results of the first half of the year were affected by the increased turnover of the new Priisle Selver store opened in Tallinn in June, as well as by the one-time costs and investments made for the opening. The results of the supermarket segment have been affected by accelerated inflation, the Ukrainian crisis, COVID-19, and the changed consumption habits of customers. The basis for comparison for the first half of 2021 is lower due to the short-term closure of stores that accompanied the rebranding process of Selver ABC stores. The basis for comparison is higher due to one closed store and a significantly higher e-commerce and manufactured goods base on the crest of the 2021 crisis. In the second quarter, the sales revenue of e-commerce and industrial goods remained below the level of the previous year. The non-group sales revenue of the Kulinaaria central kitchen, which is part of the supermarket segment and sells more than 90% of its production to store chains within the Group, increased by 39% in the second quarter compared to the same period in the previous year. The turnover growth of the Kulinaaria of the reporting period still reflects the decline in turnover due to the coronavirus restrictions that were still in force in the comparison period. However, marketing campaigns aimed at new products have contributed to turnover growth. The party food segment continues to grow rapidly towards pre-pandemic levels.

Influenced by accelerated inflation, the volume sales of food products turned to a decline in the second quarter. 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 is largely due to the increase in the price of electricity, gas, and fuel, which has significantly increased the operating costs of companies, which, in turn, are inevitably transferred to the final prices of all products and services, regardless of the field of activity. In order to alleviate the price increase for customers, Selver continues with a frozen price campaign for the third year, within the framework of which the prices of more than 400 products have been fixed. The Lidl store chain, which entered the Estonian market with eight stores in the first quarter of this year, has not had a significant impact on the sales results of Selver stores. In order to fight the price pressure, Selver has taken actions to increase efficiency. Investments in self-checkouts and IT solutions have had a positive impact on labour efficiency and the basic process of handling goods. The economic results are also affected by the significant increase in the price of energy carriers, especially electricity, resulting in a significant increase in the operating costs of the segment (adding 2.7 million euros to the costs).

Selver plans to open one new store and renovate one store in the second half of this year. The focus is still on the development of the e-store service, for which there is an increasing demand. While the SelveEkspress service is currently available to customers in all Selver stores and some Selver ABC stores, the goal is to offer the self-service solution in all Selver ABC stores by the end of this year.

As at the end of June, the supermarket segment includes 71 Selver stores, 1 Delice store, the Solaris grocery store, the mobile store, and a café, with a total sales area of 115.4 thousand m². In addition, it includes e-Selver, which has the largest service area in Estonia, and the central kitchen Kulinaaria OÜ.

Department stores

The sales revenue of the Kaubamaja department stores business segment in the first six months of 2022 was 48.5 million euros, exceeding the sales of the same period last year by 25.0%. The sales revenue of the second quarter was 26.8 million euros, which was 28.7% better than last year. The pre-tax profit of the Kaubamaja department stores segment in the first six months of 2022 was 0.5 million euros. Pre-tax profit increased by 1.4 million euros compared to the previous year. In the second quarter, the pre-tax profit was 2.2 million euros, which was 62.0% better than the comparable period last year.

The six-month average sales revenue of Kaubamaja department stores per square metre of selling space was 0.3 thousand euros per month, which is 28% higher than in the same period last year. The result of the department stores was positively affected by the better state of the stocks, which is why the big discount campaign was smaller than last year, when the department stores were closed for more than a month. One of the biggest news for the customers

of the Kaubamaja department stores in the first half of 2022 was the opening of the renovated Naistemaailm in the Kaubamaja Tallinn sales building in the first quarter, where both the physical environment and the selection of brands were updated. A strong focus on the home and home goods continues to be reflected in consumption trends and in the behaviour of the customers of the Kaubamaja department stores. The result of the Kodu Aeg campaign, which was carried out in the first quarter, has only been better once – last year. The renewed Ilumaailm section has also been very well received by customers – good results are evidenced by daily sales and the results of the Ilu Aeg campaign in spring were the best in the last five years.

In the second quarter of 2022, the sales revenue of OÜ TKM Beauty Eesti, which operates the I.L.U. cosmetics stores, was 1.5 million euros, which is 49.0% more than in the second quarter of 2021. The profit for the second quarter was 0.04 million euros, which was 0.02 million euros higher compared to the comparable period of 2021. The sales revenue of the first six months of 2022 was 2.9 million euros, which is 41.8% more than during the same period of 2021. In the first six months of 2022, profit was 0.02 million euros, which was 0.05 million euros more than during the comparable period in 2021.

The operation of stores compared to 2021 was normal and expected, as none of the stores had to be closed due to the virus and the restrictions overall were more relaxed. Sales revenue in the second quarter was boosted by attractive sales campaigns and a significant increase in the number of visitors to shopping centres. Ukrainian war refugees who arrived in the country also played a part here.

The sales revenue of the shoe stores operated by TKM King AS, reported in the department stores segment from 1 April 2021, was 2.0 million euros in the first half of 2022. The profit for the first half of 2022 was 0.02 million euros, which was 0.6 million euros higher compared to the same period in 2021. The sales revenue was 0.7 million euros in the second quarter of 2022, decreased by 57.3% compared to the same period last year. Due to a more successful clearance than planned, the profit for the second quarter was 0.4 million euros. At the end of the quarter, in accordance with the strategy of the Group, all ABC KING and SHU stores were closed, the lease agreements with the centres terminated, and the employees of the stores laid off, meaning TKM King AS now only operates in the field of importing footwear. The merger of Selver AS and TKM King AS is planned to be carried out in 2022, the aim of which is to consolidate the imports of both footwear and other industrial goods, mainly intended for the supermarket segment, to Selver.

Car trade

The sales revenue of the car trade segment for the first half of 2022 was 72.6 million euros, decreasing by 6.9% compared to the same period last year. The sales revenue of 38.6 million euros in the second quarter was 7.6% weaker than the sales revenue of the second quarter of 2021. During the first six months, 2,638 new vehicles were sold, 1,361 of them in the second quarter. The net profit of the segment in the first half of 2022 was 4.8 million euros, exceeding the profit of the same period of the previous year by 1.7 million euros. The pre-tax profit of the segment in the first half of 2022 was 5.3 million euros, exceeding the profit for the first half of 2021 by 1.9 million euros. The pre-tax profit of the second quarter of 2022 was 3.1 million euros, which is 1.0 million euros more than the profit of the same period of the year before.

The ongoing supply chain crisis in the world and the war in Ukraine, which has made the situation even worse, mean that car warehouses are empty and there is little hope of the situation getting better in the near future. The availability of KIAs imported by the Group to the Baltic countries has been slightly better than the availability of new vehicles from Peugeot and Škoda, but the latter has still significantly slowed down the growth of the car sales revenues of the Group. Due to the volatile market situation, the Group has decided to slightly postpone the construction of new showrooms to monitor and evaluate changes in the global economy.

We expect new electric cars to be added to the model range, such as the Kia e-Niro and the KIA EV-6, which has received a lot of positive feedback around the world.

Security segment

The non-group sales revenue of the security segment in the first half of 2022 was 4.5 million euros, increasing by 24.2% compared to the same period last year. The pre-tax profit of the segment in the first half of the year was 0.03 million euros, increasing by 0.04 million euros compared to the same period last year. The non-group sales revenue of the segment in the second quarter of 2022 was 2.3 million euros, increasing by 2.5% compared to the same period last year. The pre-tax profit of the second quarter of the segment was 0.03 million euros, decreasing by 0.02 million euros compared to the same period last year.

Cash transport and control centre services showed faster growth. The only decline was in the field of technical projects, where turnover decreased by nearly a third due to delays in projects and supply chain issues. Profitability

continues to be negatively affected by labour shortages and high energy prices. The increase in fuel prices reduced the profit by 0.05 million euros in the first half of the year.

Real estate

The non-group sales revenue of the real estate segment was 3.0 million euros in the first six months of 2022. Sales revenue increased by 24.5% compared to the same period last year. The non-group sales revenue of the segment in the second quarter was 1.5 million euros. Sales revenue increased by 30.8% compared to the previous year. The pre-tax profit of the real estate segment in the first half of 2022 was 5.4 million euros, the profit increased by 9.2%. The pre-tax profit of the second quarter of the segment was 2.8 million euros. Pre-tax profit increased by 14.7% in the comparison period.

The noticeable increase in the sales revenue and profit of the segment was mostly achieved thanks to the effect of the temporary rent discounts granted to tenants during the period of the restrictions imposed to prevent the spread of the coronavirus, but the opening of the reconstructed business centre in Salaspils in Latvia also had a significant impact. In addition, new tenants have been added to the Tartu Kaubamaja shopping centre. In the second quarter, the number of visitors of shopping centres almost reached the pre-pandemic level. The behaviour of customers shows that the effect of online shopping resulting from the coronavirus restrictions on regular trade has been shorter than expected, and customers still highly value high-quality face-to-face service. The number of visitors to the Viimsi Centre was affected by the repair of the Randvere–Rohuneeme roundabout and the road section between Randvere and Aiandi road at the end of the second quarter. During peak hours, a drop of up to 10% in visitors can be observed.

During the reporting period, real estate companies have made investments to more accurately measure and control the energy consumption of technical systems; for example, the ventilation system in the Tartu Kaubamaja shopping centre is controlled using CO₂ meters. Construction work is in the final stages to build a solar park on the roof of the Pirita Selver building, where electricity is used for own consumption. A similar park is planned to be built on the roof of the Viimsi Centre in the near future. Design work for a new Selver store is underway in Tartu.

Personnel

During the first six months of 2022, the average number of employees at the Grupp was 4,686; falling by 4.9% compared to the same period of 2021, mainly due to the closure of TKM King AS shoe stores and the continued streamlining of activities in the supermarket segment. Total labour force expenses (salary expenses and social tax expenses) in the first six months of 2022 were 46.2 million euros, which is 9.7% more than during the same period of 2021. In the second quarter, labour force costs increased by 12.1% in comparison with the year before, while the average number of employees decreased by 4.8%.

The monthly average salary costs per employee increased by 15.3% in the first half of the year and by 17.8% in the second quarter of 2022 due to the lower comparison base due to the salary compensations received from the state for the closing period (from March 11 to May 2, 2021) of stores in the department stores business segment. If the Group had covered the salary costs of the closing period of 2021, it is estimated that the growth of the average monthly salary costs would have remained at 10% both in the first half of the year and in the second quarter.

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 July 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 the second quarter and first 6 months of 2022 as set out on pages 14 - 36.

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 July 2022

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros

	Note	30.06.2022	31.12.2021
ASSETS			
Current assets			
Cash and cash equivalents	2	13,546	29,981
Trade and other receivables	3	19,011	20,673
Inventories	5	71,484	68,369
Total current assets		104,041	119,023
Non-current assets			
Long-term receivables and prepayments	8	304	304
Investments in associates	7	1,747	1,745
Investment property	9	62,773	62,690
Property, plant and equipment	10	424,066	431,263
Intangible assets	11	20,713	20,284
Total non-current assets		509,603	516,286
TOTAL ASSETS		613,644	635,309
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings	12	35,450	40,646
Trade and other payables	13	93,383	111,345
Total current liabilities		128,833	151,991
Non-current liabilities			
Borrowings	12	256,712	238,705
Deferred tax liabilities	14	4,476	4,476
Provisions for other liabilities and charges		369	267
Total non-current liabilities		261,557	243,448
TOTAL LIABILITIES		390,390	395,439
Equity			
Share capital	15	16,292	16,292
Statutory reserve capital		2,603	2,603
Revaluation reserve		108,231	109,543
Retained earnings		96,128	111,432
TOTAL EQUITY		223,254	239,870
TOTAL LIABILITIES AND EQUITY		613,644	635,309

The notes presented on pages 19 to 36 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	II quarter 2022	II quarter 2021	6 months 2022	6 months 2021
Revenue	16	212,996	207,187	411,919	397,953
Other operating income		535	1,151	862	1,356
Cost of merchandise	5	-153,471	-154,986	-299,784	-300,302
Service expenses	17	-14,377	-11,337	-29,014	-22,863
Staff costs	18	-23,881	-21,300	-46,228	-42,137
Depreciation, amortisation and impairment losses	10,11	-9,779	-9,615	-19,421	-19,472
Other expenses		-174	-59	-487	-309
Operating profit		11,849	11,041	17,847	14,226
Finance income		1	1	2	2
Finance costs		-1,232	-1,189	-2,391	-2,265
Finance income on shares of associates accounted for using the equity method	7	44	49	102	97
Profit before tax		10,662	9,902	15,560	12,060
Income tax expense	15	-1	0	-4,480	-4,333
NET PROFIT FOR THE FINANCIAL YEAR		10,661	9,902	11,080	7,727
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	0	0
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		10,661	9,902	11,080	7,727
Basic and diluted earnings per share (euros)	19	0.26	0.24	0.27	0.19

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

The notes presented on pages 19 to 36 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

In thousands of euros

	Note	6 months 2022	6 months 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit		11,080	7,727
<i>Adjustments:</i>			
<i>Income tax on dividends</i>	15	4,479	4,333
<i>Interest expense</i>		2,391	2,265
<i>Interest income</i>		-2	-2
<i>Depreciation, amortisation</i>	10, 11	19,413	19,411
<i>Loss on write-off property, plant and equipment</i>	10	8	61
<i>Profit on sale of property, plant and equipment</i>	10	-37	-9
<i>Effect of equity method</i>	7	-102	-97
<i>Interest paid on lease liabilities</i>	12	-1,729	-1,518
Change in inventories		-4,081	1,998
Change in receivables and prepayments related to operating activities		1,662	-2,104
Change in liabilities and prepayments related to operating activities		-17,967	-8,682
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		15,115	23,383
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	10	-6,018	-9,306
Proceeds from sale of property, plant and equipment	10	80	10
Purchase of investment property	9	-83	-83
Purchase of intangible assets	11	-514	-192
Business combination	6	0	-120
Dividends received	7	100	0
Interest received		2	2
TOTAL CASH FLOWS USED IN INVESTING ACTIVITIES		-6,433	-9,689
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	12	14,481	5,498
Repayments of borrowings	12	-8,459	-6,321
Change in overdraft balance	12	10,115	2,235
Payments of principal or leases	12	-8,526	-8,364
Proceeds from government grant	10	133	
Dividends paid	15	-27,695	-24,437
Income tax on dividends paid	15	-4,479	-4,333
Interest paid		-687	-777
TOTAL CASH FLOWS USED IN FINANCING ACTIVITIES		-25,117	-36,499
TOTAL CASH FLOWS		-16,435	-22,805
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	13,546	9,952
Net change in cash and cash equivalents		-16,435	-22,805

The notes presented on pages 19 to 36 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	7,727	7,727
Total comprehensive loss for the reporting period	0	0	0	0	7,727	7,727
Reclassification of depreciation of revalued land and buildings	0	0	-1,186	0	1,186	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 30.06.2021	16,292	2,603	101,444	-149	86,107	206,297
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	11,080	11,080
Total comprehensive income for the reporting period	0	0	0	0	11,080	11,080
Reclassification of depreciation of revalued land and buildings	0	0	-1,312	0	1,312	0
Dividends paid	0	0	0	0	-27,696	-27,696
Total transactions with owners	0	0	0	0	-27,696	-27,696
Balance as of 30.06.2022	16,292	2,603	108,231	0	96,128	223,254

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

The notes presented on pages 19 to 36 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 Baltic main list. 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 accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2021.

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 the Group for the second quarter and first 6 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

	30.06.2022	31.12.2021
Cash on hand	1,039	1,167
Bank accounts	11,600	27,586
Cash in transit	907	1,228
Total cash and cash equivalents	13,546	29,981

Note 3. Trade and other receivables

in thousands of euros

	30.06.2022	31.12.2021
Trade receivables (Note 4)	15,173	17,106
Other receivables from related parties (Note 20)	1	0
Other short-term receivables	725	461
Total financial assets from balance sheet line "Trade and other receivables"	15,899	17,567
Prepayment for goods	1,624	2,029
Other prepaid expenses	1,433	998
Prepaid rental expenses	10	9
Prepaid taxes (Note 14)	45	70
Total trade and other receivables	19,011	20,673

Note 4. Trade receivables

in thousands of euros

	30.06.2022	31.12.2021
Trade receivables	13,197	13,766
Allowance for doubtful receivables	-53	-53
Receivables from related parties (Note 20)	445	397
Credit card payments	1,584	2,996
Total trade receivables	15,173	17,106

Note 5. Inventories

in thousands of euros

	30.06.2022	31.12.2021
Goods purchased for resale	70,779	67,722
Tare and materials	705	647
Total inventories	71,484	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

	II quarter 2022	II quarter 2021	6 months 2022	6 months 2021
Write-down and write-off of inventories	2,539	2,959	5,511	5,918
Inventory stocktaking deficit	574	885	1,196	1,446
Total materials and consumables used	3,113	3,844	6,707	7,364

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

Note 6. Subsidiaries

Tallinna Kaubamaja Group consists of:

Name	Location	Area of activity	Ownership 30.06.2022	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

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

	30.06.2022	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	102	183
Dividends received	-100	-150
Investment in the associate at the end of the accounting period	1,747	1,745

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

	30.06.2022	31.12.2021
Current assets	133	141
Non-current assets	3,416	3,409
Current liabilities	55	60
Owner's equity	3,494	3,489

	II quarter 2022	II quarter 2021	6 months 2022	6 months 2021
Revenue	135	113	270	248
Net profit	89	99	205	195

Note 8. Long-term trade and other receivables

in thousands of euros

	30.06.2022	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	83
Carrying value as at 30.06.2022	62,773

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 and for Tartu Kaubamaja Centre of 16 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	9,151	0	2,081	2,974	-8,320	5,886
Other reclassifications	0	0	132	0	0	132
Reclassification to intangible assets (Note 11)	0	0	0	0	-187	-187
Reclassification to inventory	0	0	-199	0	0	-199
Reclassification to property, plant and equipment from inventory	0	0	1,159	22	3	1,184
Disposals	0	0	-43	0	0	-43
Write-offs	0	0	-4	-4	0	-8
Reversal of impairment	0	0	0	18	0	18
Adjustment to right-of use assets	0	5,200	0	0	0	5,200
Depreciation	-3,344	-9,553	-3,298	-2,985	0	-19,180
30.06.2022						
Cost or revalued amount	203,494	226,283	62,704	55,781	23,374	571,636
Accumulated depreciation and impairment	-3,344	-60,017	-37,490	-37,653	-9,066	-147,570
Carrying value	200,150	166,266	25,214	18,128	14,308	424,066

The cost of investments for the 6 months of 2022 amounted to 6,532 thousand euros (including purchases of property, plant and equipment in the amount of 5,886 thousand euros and purchases of intangible assets amounted to 514 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 3,196 thousand euros. In the reporting period in Tallinn, Lasnamäe Priisle Kodu development was opened Selver supermarket which is the sixth Selver store in Lasnamäe. In the reporting period was purchased computing technology and were renewed store fittings.

The cost of purchases of property, plant and equipment in the business segment of department stores amounted to 1,846 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 208 thousand euros in the car trade business segment. The cost of purchases of property, plant and equipment in the reporting period was 126 thousand euros in the security business segment.

The cost of purchases of property, plant and equipment in the real estate business segment amounted to 510 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	514	514
Reclassification to property, plant and equipment (Note 10)	0	0	0	-21	-21
Reclassification from property, plant and equipment (Note 10)	0	0	0	187	187
Amortisation	0	-136	-9	-106	-251
30.06.2022					
Cost	16,869	2,091	120	4,074	23,154
Accumulated amortisation and impairment	0	-726	-23	-1,692	-2,441
Carrying value	16,869	1,365	97	2,382	20,713

In the reporting period, the Group capitalised costs of a web page update, loyalty card web page update, loyalty card Partner Kuukaart functionality and e-shop as development expenditure in the amount of 514 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	30.06.2022	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

	30.06.2022	31.12.2021
Short-term borrowings		
Overdraft	17,423	7,308
Bank loans	7,639	13,662
Lease liabilities	8,249	16,838
Other borrowings	2,139	2,838
Total short-term borrowings	35,450	40,646

in thousands of euros

	30.06.2022	31.12.2021
Long-term borrowings		
Bank loans	85,233	72,489
Lease liabilities	166,236	160,973
Other borrowings	5,243	5,243
Total long-term borrowings	256,712	238,705
Total borrowings	292,162	279,351

Borrowings received

in thousands of euros

	II quarter 2022	II quarter 2021	6 months 2022	6 months 2021
Overdraft	2,136	0	10,115	2,235
Bank loans	8,320	0	13,320	0
Other borrowings	672	4,873	1,161	5,498
Total borrowings received	11,128	4,873	24,596	7,733

Borrowings paid

in thousands of euros

	II quarter 2022	II quarter 2021	6 months 2022	6 months 2021
Overdraft	0	6,861	0	0
Bank loans	4,248	2,351	6,598	4,701
Lease liabilities	4,191	4,104	8,526	8,364
Other borrowings	1,025	948	1,861	1,620
Total borrowings paid	9,464	14,264	16,985	14,685

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

As of 30.06.2022, the repayment dates of bank loans are between 30.07.2022 and 26.05.2027 (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 1.38% (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

	30.06.2022	31.12.2021
Cash and cash equivalents (Note 2)	13,546	29,981
Short-term borrowings	-35,450	-40,646
Long-term borrowings	-256,712	-238,705
Net debt	-278,616	-249,370
Cash and cash equivalents (Note 2)	13,546	29,981
Gross debt – fixed interest rates	-180,948	-184,555
Gross debt – variable interest rates	-111,214	-94,796
Net debt	-278,616	-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)	-16,435	-10,115	-5,335	10,255	-21,630
Interest accrued	0	0	-687	-1,729	-2,416
Revaluation of lease liabilities	0	0	0	-5,200	-5,200
Net debt 30.06.2022	13,546	-17,423	-100,254	-174,485	-278,616

Note 13. Trade and other payables

in thousands of euros

	30.06.2022	31.12.2021
Trade payables	65,019	77,955
Payables to related parties (Note 20)	4,289	5,263
Other accrued expenses	63	96
Prepayments by tenants	3,359	3,428
Total financial liabilities from balance sheet line "Trade and other payables"	72,730	86,742
Taxes payable (Note 14)	8,570	9,729
Employee payables	8,863	10,123
Prepayments	3,091	4,026
Short-term provisions*	129	725
Total trade and other payables	93,383	111,345

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

Note 14. Taxes

in thousands of euros

	30.06.2022		31.12.2021	
	Prepaid taxes	Taxes payable	Prepaid taxes	Taxes payable
Prepaid taxes	45	0	70	0
Value added tax	0	3,155	0	4,356
Personal income tax	0	1,499	0	1,409
Social security taxes	0	3,536	0	3,525
Corporate income tax	0	28	0	87
Unemployment insurance	0	235	0	229
Mandatory funded pension	0	117	0	123
Total taxes	45	8,570	70	9,729

As of 30.06.2022 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 30.06.2022 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, 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

II quarter 2022	Super markets	Department store	Car trade	Security	Real estate	Inter-segment transactions	Impact of lease accounting	Total segments
External revenue	143,772	26,817	38,603	2,272	1,532	0	0	212,996
Inter-segment revenue	474	1,050	153	1,469	3,615	-6,761	0	0
Total revenue	144,246	27,867	38,756	3,741	5,147	-6,761	0	212,996
EBITDA	6,046	2,836	3,405	122	4,149	0	5,070	21,628
Segment depreciation and impairment losses	-2,833	-639	-208	-88	-1,216	0	-4,795	-9,779
Operating profit	3,213	2,197	3,197	34	2,933	0	275	11,849
Finance income	76	99	26	0	57	-257	0	1
Finance income on shares of associates	0	44	0	0	0	0	0	44
Finance costs	-157	-170	-79	-4	-200	257	-879	-1,232
Income tax	-1	0	0	0	0	0	0	-1
Net profit/(-loss)	3,131	2,170	3,144	30	2,790	0	-604	10,661
incl. in Estonia	3,131	2,170	2,580	30	2,643	0	-604	9,950
incl. in Latvia	0	0	160	0	157	0	0	317
incl. in Lithuania	0	0	404	0	-10	0	0	394
Segment assets	143,892	80,177	45,919	3,979	284,444	-111,033	166,266	613,644
Segment liabilities	123,553	75,254	29,525	3,670	85,204	-101,301	174,485	390,390
Segment investments in property, plant and equipment	2,502	343	110	73	296	0	0	3,324
Segment investments in intangible assets	13	358	6	2	0	0	0	379

in thousands of euros

II quarter 2021	Super markets	Department store	Car trade	Security	Real estate	Inter-segment transactions	Impact of lease accounting	Total segments
External revenue	141,170	20,841	41,788	2,217	1,171	0	0	207,187
Inter-segment revenue	410	970	123	1,402	3,356	-6,261	0	0
Total revenue	141,580	21,811	41,911	3,619	4,527	-6,261	0	207,187
EBITDA	7,567	1,895	2,435	139	3,719	0	4,901	20,656
Segment depreciation and impairment losses	-2,595	-538	-166	-89	-1,150	0	-5,077	-9,615
Operating profit/(-loss)	4,972	1,357	2,269	50	2,569	0	-176	11,041
Finance income	75	108	0	1	83	-266	0	1
Finance income on shares of associates	0	49	0	0	0	0	0	49
Finance costs	-176	-174	-86	-3	-220	266	-796	-1,189
Income tax	0	0	0	0	0	0	0	0
Net profit/(-loss)	4,871	1,340	2,183	48	2,432	0	-972	9,902
incl. in Estonia	4,871	1,340	2,012	48	2,436	0	-972	9,735
incl. in Latvia	0	0	-17	0	8	0	0	-9
incl. in Lithuania	0	0	188	0	-12	0	0	176
Segment assets	139,474	73,631	36,129	3,500	276,057	-96,151	159,433	592,073
Segment liabilities	122,774	65,993	25,756	3,024	89,571	-86,419	165,077	385,776
Segment investments in property, plant and equipment	2,931	1,423	48	52	329	0	0	4,783
Segment investments in intangible assets	0	67	0	0	0	0	0	67

in thousands of euros

6 months 2022	Super markets	Department store	Car trade	Security	Real estate	Inter-segment transactions	Impact of lease accounting	Total segments
External revenue	283,296	48,473	72,598	4,544	3,008	0	0	411,919
Inter-segment revenue	749	2,093	311	2,637	7,242	-13,032	0	0
Total revenue	284,045	50,566	72,909	7,181	10,250	-13,032	0	411,919
EBITDA	11,143	1,763	5,777	216	8,114	0	10,255	37,268
Segment depreciation and impairment losses	-5,624	-1,236	-400	-175	-2,433	0	-9,553	-19,421
Operating profit	5,519	527	5,377	41	5,681	0	702	17,847
Finance income	150	154	27	1	91	-421	0	2
Finance income on shares of associates (Note 7)	0	102	0	0	0	0	0	102
Finance costs	-273	-283	-154	-7	-366	421	-1,729	-2,391
Income tax	-2,144	-450	-428	-32	-1,426	0	0	-4,480
Net profit/(-loss)	3,252	50	4,822	3	3,980	0	-1,027	11,080
incl. in Estonia	3,252	50	4,003	3	3,686	0	-1,027	9,967
incl. in Latvia	0	0	144	0	313	0	0	457
incl. in Lithuania	0	0	675	0	-19	0	0	656
Segment assets	143,892	80,177	45,919	3,979	284,444	-111,033	166,266	613,644
Segment liabilities	123,553	75,254	29,525	3,670	85,204	-101,301	174,485	390,390
Segment investments in property, plant and equipment (Note 10)	3,196	1,846	208	126	510	0	0	5,886
Segment investments in intangible assets (Note 11)	13	493	6	2	0	0	0	514

in thousands of euros

6 months 2021	Super markets	Department store	Car trade	Security	Real estate	Inter-segment transactions	Impact of lease accounting	Total segments
External revenue	275,086	38,781	78,010	3,659	2,417	0	0	397,953
Inter-segment revenue	653	1,939	264	3,120	6,883	-12,859	0	0
Total revenue	275,739	40,720	78,274	6,779	9,300	-12,859	0	397,953
EBITDA	11,987	234	3,903	171	7,520	0	9,883	33,698
Segment depreciation and impairment losses	-5,463	-1,130	-326	-172	-2,301	0	-10,080	-19,472
Operating profit/(-loss)	6,524	-896	3,577	-1	5,219	0	-197	14,226
Finance income	150	224	0	1	145	-518	0	2
Finance income on shares of associates (Note 7)	0	97	0	0	0	0	0	97
Finance costs	-334	-315	-195	-7	-414	518	-1,518	-2,265
Income tax	-1,542	-407	-278	-24	-2,082	0	0	-4,333
Net profit/(-loss)	4,798	-1,297	3,104	-31	2,868	0	-1,715	7,727
incl. in Estonia	4,798	-1,297	2,971	-31	2,872	0	-1,715	7,598
incl. in Latvia	0	0	-48	0	20	0	0	-28
incl. in Lithuania	0	0	181	0	-24	0	0	157
Segment assets	139,474	73,631	36,129	3,500	276,057	-96,151	159,433	592,073
Segment liabilities	122,774	65,993	25,756	3,024	89,571	-86,419	165,077	385,776
Segment investments in property, plant and equipment	6,797	1,791	146	69	503	0	0	9,306
Segment investments in intangible assets	0	192	0	0	0	0	0	192

External revenue according to types of goods and services sold

in thousands of euros

	II quarter 2022	II quarter 2021	6 months 2022	6 months 2021
Retail revenue	193,219	186,861	372,640	360,551
Wholesale revenue	9,992	11,043	20,490	20,080
Rental income	2,593	2,145	4,987	4,497
Revenue for rendering services	7,192	7,138	13,802	12,825
Total revenue	212,996	207,187	411,919	397,953

External revenue by client location

in thousands of euros

	II quarter 2022	II quarter 2021	6 months 2022	6 months 2021
Estonia	198,354	193,156	385,753	370,413
Latvia	7,678	7,925	13,632	18,222
Lithuania	6,964	6,106	12,534	9,318
Total	212,996	207,187	411,919	397,953

Distribution of non-current assets* by location of assets

in thousands of euros

	30.06.2022	31.12.2021
Estonia	472,475	478,568
Latvia	33,253	33,849
Lithuania	2,128	2,124
Total	507,856	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

	II quarter 2022	II quarter 2021	6 months 2022	6 months 2021
Rental expenses	114	208	262	334
Heat and electricity expenses	3,854	2,067	7,813	4,548
Expenses related to premises	2,414	2,002	4,839	3,768
Cost of services and materials related to sales	1,931	1,904	3,934	3,896
Marketing expenses	2,077	2,003	4,175	3,799
Other operating expenses	1,246	884	2,328	2,074
Computer and communication costs	1,709	1,572	3,564	3,103
Expenses related to personnel	1,032	697	2,099	1,341
Total services expenses	14,377	11,337	29,014	22,863

Note 18. Staff costs

in thousands of euros

	II quarter 2022	II quarter 2021	6 months 2022	6 months 2021
Wages and salaries	18,134	16,177	35,110	32,001
Social security taxes	5,747	5,123	11,118	10,136
Total staff costs	23,881	21,300	46,228	42,137
Average wages per employee per month (euros)	1,287	1,093	1,249	1,083
Average number of employees in the reporting period	4,698	4,935	4,686	4,926

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.

	II quarter 2022	II quarter 2021	6 months 2022	6 months 2021
Net profit (in thousands of euros)	10,661	9,902	11,080	7,727
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	0.24	0.27	0.19

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 6 months 2022	Sales 6 months 2022	Purchases 6 months 2021	Sales 6 months 2021
Parent	107	2	1	0
Entities in the Parent's consolidation group	14,601	1,834	14,210	1,930
Members of management and supervisory boards	0	15	0	15
Other related parties	2	20	15	3
Total	14,710	1,871	14,226	1,948

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

Balances with related parties:

	30.06.2022	31.12.2021
Receivables from entities in the in the Parent's consolidation group (Note 4)	445	396
Members of management and supervisory boards (Note 3)	0	0
Other related parties (Note 3)	1	1
Total receivables from related parties	446	397

	30.06.2022	31.12.2021
Parent	21	21
Entities in the Parent's consolidation group	4,267	5,226
Other related parties	1	16
Total liabilities to related parties (Note 13)	4,289	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 Investeeringud OÜ (hereinafter head group). From 2001, Tallinna Kaubamaja Grupp AS has been keeping its available funds at the head group account, earning interest income on its deposits. In 2022 six months, the Group has not earned interest income on its deposits of available funds (2021: 0 euros). As at 31 June 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 1,715 thousand euros (2021 6 months: 1,237 thousand euros). Short-term benefits to supervisory boards' members of the Group in reporting period including social taxes amounted to 431 thousand euros (2021 6 months: 336 thousand euros).

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