

TALLINNA KAUBAMAJA GRUPP AS

Consolidated Interim Report for
the Fourth quarter and 12 months of 2021
(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 4,800 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 2021
End of financial year:	31 December 2021
Beginning of interim report period:	1 January 2021
End of interim report period:	31 December 2021
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 December 31, 2021:

		Shareholding as of 31.12.2021	Shareholding as of 31.12.2020
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 31.12.2021	Shareholding as of 31.12.2020
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.

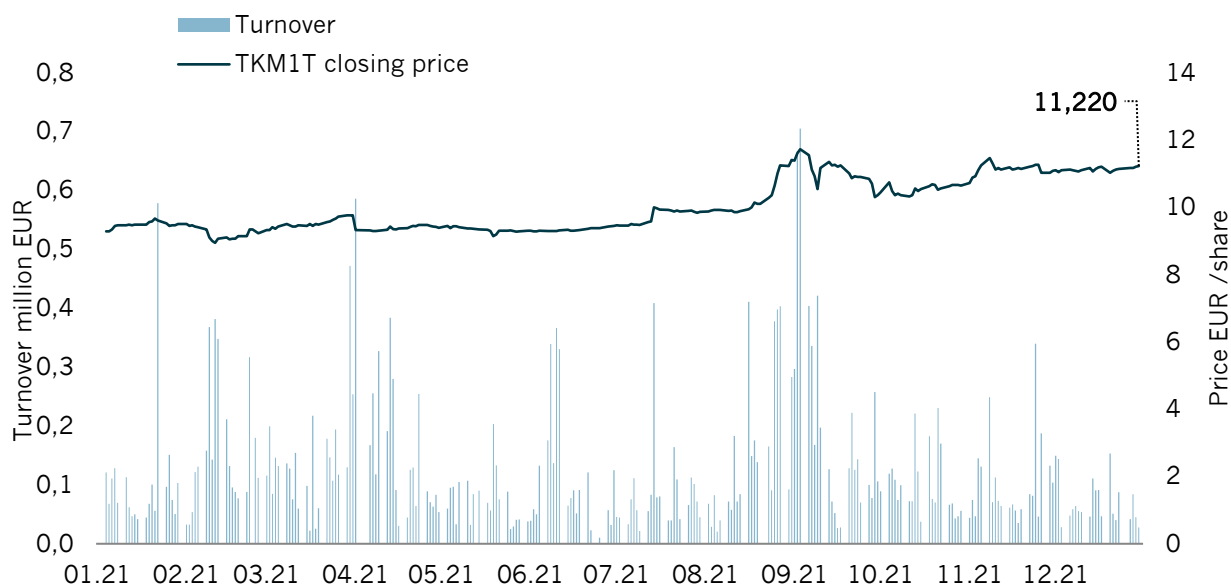
The members of the management board of the Group have no right to issue or buy back shares. In addition, there are no commitments between the company and its employees providing for compensation in mergers and acquisitions under article 19¹ of Stock Market Trade Act.

The share with a price of 9.16 euros at the end of 2020 was closed in the end of 2021 at the level of 11.22 euros, increased by 22.5% over the year.

According to the notice of regular annual general meeting of the shareholders published on 22 February 2021, the management board proposed to pay dividends 0.60 euros per share. The general meeting of shareholders approved it.

Share price and trading statistics on the Tallinn Stock Exchange from 01.01.2021 to 31.12.2021.

In euros



SHARE	Q4/21	Q4/20	12M/21	12M/20
Average number of shares (1000 pcs)	40,729.2	40,729.2	40,729.2	40,729.2
Equity capital per share (EUR/share)	5.89	5.48	5.89	5.48
Share's closing price (EUR/share)	11.22	9.16	11.22	9.16
Earnings per share (EUR/share)	0.29	0.20	0.79	0.48

Sustainable entrepreneurship

In the fourth quarter, the companies of the Group contributed to many charity projects, which have been ongoing for several years. The work with environmental protection and working environment projects and activities also continued.

The contributions

In cooperation with good partners and customers, Selver launched the 'Koos on kergem' ('Together is easier') campaign for the nineteenth time to support the paediatric and maternity units of Estonian hospitals. In 2021, funds were collected to help the Tallinn Children's Hospital to create a breast milk bank and the Children's Clinic of Tartu University Hospital to purchase new, innovative, high-tech hand orthoses for the department of neurology and rehabilitation, which help the children who have suffered a stroke to restore the functions of their hands quicker.

Healthcare workers have been heavily overburdened during the COVID-19 crisis. To show our gratitude, Kaubamaja sent to the ambulance staff in Tartu and Tallinn a lot of juice and Christmas sweets, which our employees had voluntarily collected.

Selver and Kaubamaja helped to boost the activities of various different cultural events via their communication channels. Selver offered free advertising opportunities to Annetekoda 2021, Improteater, and the shows of the Piip ja Tuut theatre for children. Kaubamaja supported the introduction of the activities and events of the Art Museum of Estonia, Kontserdihunt, and Fotografiska. Local communities were also supported. Selver contributed through various different youth projects – they supported a youth event of the Viimsi Gymnasium at the Kumu Art Museum, the reflector tree at Saku rural municipality, The Viimsi Bread Festival, the mobility week of Rahumäe Basic School, the gymnastics tournament of the children of Paide Võimlemiskool in the Paide Sports Hall, the Christmas raffle at the Kääpa kindergarten, and the rock party at the Keila School, and products were given to the Tallinn Secondary School of Science for organising a creative cooking competition. Buying Christmas presents for the residents of the Lõuna-Eesti Hooldekeskus nursing home were also supported, as well as the Christmas of the large families of Ubja Village. Selver is also a long-time supporter of the Estonian Association of Large Families.

Selver and Kulinaaria continued to support the Food Bank. In December, the customers of Selver were able to purchase products for donation to the Food Bank at the larger stores and via e-Selver. A charity product sale was organised at the Kaubamaja department store with half of the proceeds donated to MTÜ Igale Lapsele Pere. In addition to the sales revenue, a certain amount of money, which had been allocated for corporate gifts, was also donated to this non-profit association. The Group also cooperated with MTÜ Minu Unistuste Päev, helping to make the dreams of seriously ill children and children with special needs come true with gifts from the children's section of the Kaubamaja department store.

Environment

Throughout the years, the Group's activities have been based on choices, which would help to reduce our environmental impact. The direct carbon footprints of the companies of the Group were measured in the fourth quarter. The measuring has been conducted since 2015 by using an internationally acknowledged standard – the Greenhouse Gas Protocol. The measuring revealed the changes in the environmental impact of the companies throughout the years. The calculations also enable to analyse the impact of the Group's various investments on the environment and to better plan further activities in this direction. Measuring the carbon footprint and drawing up a plan for reducing the footprint will be gradual. Based on the advice of SBTi, the measurement of scopes 1 and 2, i.e. the measurement of the direct footprint was launched (the fuel, electricity, heating, cooling, and refrigerant consumption at the companies). In the next few years, the Group also intends to move on to analysing the indirect impact, i.e. scope 3. The results of the measurement of the Group's carbon footprint are discussed in further detail in the annual report of the Group.

Taking into consideration the significant environmental impact of disposable plastic packaging used in retail, Kaubamaja, Selver, and Kulinaaria are seeking reusable packaging for selling food to go. This is a long-term project, which involves the improvement of the current models, and the development of the infrastructure has only just begun. The Group is hoping to create a functioning and convenient system in cooperation with different stakeholders, which would significantly reduce the amount of disposable plastic in circulation. In parallel, the amount of recycled material used in the packaging is being increased. For example, Kulinaaria started using salad boxes, which are made of a recycled material (rPET) in December 2021. As a result of the replacement, rPET now forms 27% of the monthly volume of plastic packaging of Kulinaaria, instead of the 8% it did before.

Economic environment

According to Statistics Estonia, the Estonian economy grew by 8.6% in the third quarter of 2021, continuing the quick recovery. According to Statistics Estonia, the growth remains broad-based. The economic growth was steered by construction, information and communications, real estate activities, and transport and warehousing. Accommodation and catering, however, were 15% behind the level of two years ago. Analysts believe that Estonia will be among the euro area countries with the highest economic growth in 2021. According to the Bank of Estonia, the economic growth in 2021 will reach 8.0%, but will decelerate to 2.8% in 2022. In the end of 2021, the consumer prices increased rapidly in Estonia, with the most rapid growth the euro area experienced here as well. The prices of electricity, gas, and heating reached record levels, multiplying several times at the end of the year. Over the year in total, the price of electricity grew by 44.5%, the price of gas by 27.5%, the price of petrol by 14.1%, and the price of diesel fuel by 12.8%. Of food products, the prices of potato (23.5%) and fresh vegetables (12.7%) increased most. In total, the consumer price index grew by 4.7% in Estonia in 2021, whereas the prices of food and non-alcoholic beverages rose by 1.8% and the prices of clothing and footwear by 1.9%. In the fourth quarter, the consumer price index grew by 9.3%, with the prices of food and non-alcoholic beverages rising by 4.7% and the prices of clothing and footwear by 2.7%. The analysts believe that the price increase mainly arises from the high demand, which the supply has not been able to cover due to coronavirus restrictions and quarantine requirements. The price growth is expected to continue in the first half of 2022, gradually expanding to services as well as goods. According to the estimations of the Bank of Estonia, the price increase in 2022 will be 6.9%. According to the latest published data of Statistics Estonia, the average gross wage basis grew by 7.8% in the third quarter of 2021 in the year-on-year comparison. The rapid increase in the number of vacant positions indicates the great labour force shortage causing problems for commercial undertakings, which also points to an aggressive increase in wages in the future. According to the Bank of Estonia, the average wages are expected to have increased by 6.8% in total in 2021, but will grow by 8.3% in 2022.

According to Statistics Estonia, the total volume of retail turnover in Estonia in current prices increased by 17.8% in the first eleven months of 2021. Retail sales via mail or the Internet (40.4%), the sales of engine fuel (26.5%), motor vehicles, parts and accessories thereof (25.7%), and household goods (24.9%) increased most. Sales revenue in non-specialised stores (primarily foodstuffs) grew by 5.7% in total in the first eleven months of the year, thus being one of the slowest-growing sectors. According to the Estonian Vehicle Dealers and Services Association (AMTEL), 22,336 new passenger vehicles were sold in Estonia in 2021, which is

19.1% more than in 2020. In the fourth quarter, however, the sales of new motor vehicles dropped by 15.6%, mainly due to the reduced availability of cars. The confidence of Estonian consumers still remains below the pre-pandemic level, but families have optimistically assessed that their financial situation is the best in recent years.

Economic results

Financial ratios

In million EUR	Q4/21	Q4/20	Change %	12M/21	12M/20	Change %
Revenue	217.5	201.3	8.1%	821.6	741.9	10.7%
Selver supermarkets	151.4	143.4	5.6%	569.0	524.4	8.5%
Department stores	32.7	29.4	11.4%	93.4	88.8	5.2%
Car trade	29.6	25.1	18.1%	145.8	117.6	24.0%
Security	2.3	2.0	16.0%	8.2	6.0	35.9%
Real estate	1.5	1.4	5.1%	5.3	5.1	3.1%
<i>Gross profit margin%</i>	<i>26.83%</i>	<i>24.81%</i>	<i>8.2%</i>	<i>25.32%</i>	<i>24.34%</i>	<i>4.0%</i>
EBITDA	23.0	17.8	29.7%	80.2	63.1	27.0%
Selver supermarkets	9.2	6.6	39.1%	31.8	25.1	26.9%
Department stores	1.1	2.1	-47.0%	1.8	1.7	5.6%
Car trade	1.8	0.6	210.4%	8.4	3.1	174.3%
Security	0.0	0.1	-43.8%	0.4	0.3	24.0%
Real estate	5.5	3.3	65.1%	17.4	14.5	20.1%
IFRS 16	5.3	5.0	5.6%	20.4	18.5	10.1%
<i>margin</i>	<i>10.59%</i>	<i>8.83%</i>	<i>20.0%</i>	<i>9.76%</i>	<i>8.51%</i>	<i>14.7%</i>
Operating profit	13.1	7.9	66.4%	41.2	28.0	47.2%
<i>margin</i>	<i>6.03%</i>	<i>3.92%</i>	<i>53.9%</i>	<i>5.02%</i>	<i>3.77%</i>	<i>32.9%</i>
Net profit	11.7	8.0	46.6%	32.0	19.5	64.2%
<i>margin</i>	<i>5.38%</i>	<i>3.97%</i>	<i>35.6%</i>	<i>3.90%</i>	<i>2.63%</i>	<i>48.3%</i>
Earnings per share (EUR)	0.29	0.20	46.6%	0.79	0.48	64.2%

Key ratios	Q4/21	Q4/20	12M/21	12M/20
Return on equity (ROE)	5.1%	3.7%	13.8%	8.8%
Return on assets (ROA)	1.9%	1.4%	5.2%	3.5%
Quick ratio	0.78	0.83	0.78	0.83
Debt ratio	0.62	0.63	0.62	0.63
Inventory turnover (multiplier)	2.28	1.91	8.88	7.20
Sales revenue per employee (in million EUR)	0.046	0.042	0.169	0.163
Average number of employees	4,728	4,795	4,864	4,558

Return on equity (ROE)

= Net profit / Average owners' equity * 100%

Return on assets (ROA)

= Net profit / Average total assets * 100%

Quick ratio

= Current assets / Current liabilities

Debt ratio

= Total liabilities / Balance sheet total

Inventory turnover (multiplier)

= Cost of goods sold / inventories

Sales revenue per employee

= Sales revenue / Average number of employees

Gross profit margin%

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

In the fourth quarter of 2021, the consolidated unaudited sales revenue of the Group was 217.5 million euros, which was 8.1% more than the sales revenue of the same period in 2020. The sales revenue of 2021 was 821.6 million euros, showing a growth of 10.7% compared to the result of 2020, when the sales revenue was 741.9 million euros. In the fourth quarter of 2021, the Group's unaudited consolidated net profit was 11.7 million euros, which was 46.6% higher than the profit of the comparable period in the previous year. The Group's net profit of 2021 was 32.0 million euros, which was 64.2% higher than the result of the previous year. The pre-tax profit earned in 2021 was 36.5 million euros, showing a 52.3% increase compared to last year.

The sales revenue generated by commercial establishments increased by a record 17.8% in Estonia in the first eleven months of 2021 and the increased confidence to consume could also be seen in the fourth quarter. In spite of the fact that the sales revenue was increased most by the fuel and electronics retail segments, which the Group is not involved in, the consumers' confidence also boosted the sales of the Group, increasing the sales figures in all segments of the Group over the year in total, as well as in the last quarter. The consumers accustomed to visit online stores safely during the period of restrictions continued to visit the online stores of the Group in the last quarter of the year. The growth of the profit and profitability was supported by the integration of the stores, which were added to the supermarket segment in 2020 and modernising the production equipment in the central kitchen, as well as the successful sales operations of the car trade segment. In the fourth quarter, the Group's profit was put under pressure by the significantly faster growth of energy prices compared to the previous levels and the continued growth of labour costs due to the labour shortage. In the real estate segment, the business profit of the fourth quarter of 2021 was influenced by the increase in the fair values of investment property in the amount of 2.2 million euros. The net profit of the Group decreased by 2.9 million euros due to calculated loss on lease agreements in accordance with IFRS 16 (in 2020, the respective figure was 2.4 million euros).

The Valga Selver store was renovated during the reporting quarter. Prior to that, Selver had also renovated the Jaamamõisa store in 2021. The most extensive innovation in the first quarter was the transfer of stores operating under the Comarket brand to the Selver ABC brand and the integration of Comarket, Delice stores, and the Solaris Food Store with the Selver supply chain and IT systems. Updating the software platform of the Selver online stores also commenced in the first quarter, which was fully completed by the end of the third quarter. As of 1 June 2021, the service area of the e-Selver online store service covers all of Estonia. With this expansion, Selver became the only online grocery store in Estonia, which delivers goods to all counties of mainland Estonia in the entire extent. One of the most important large-scale developments of the Group was completed in the financial year: the construction of the new production building of the central kitchen of Kulinaaria was completed, the existing factory building was renovated, and the production buildings were connected, thereby doubling the production area. Today, the production area covers more than 6,000 square metres. The new production building is the most modern in the Baltic States in its sector. In the department store segment, the Ilumaailm (Beauty department) and Toidumaailm (Food department) sections of the Tallinn department store were renovated, with the Toidumaailm in Tallinn closed fully for the renovation works for two months in the summer of 2021. In September 2021, the Group notified the stock exchange of the strategic decision to close the footwear business and to gradually close all ABC KING and SHU stores in 2022.

As at 31 December 2021, the volume of the assets of Tallinna Kaubamaja Group was 635.3 million euros – an increase of 2.1% compared to the results at the end of 2020 without the impact of IFRS 16. The balance sheet of the Group was impacted by a revaluation of the land and buildings, as a result of which the value of the fixed assets of the Group increased by 9.3 million euros. The same amount was added to the equity revaluation reserve.

At the end of the reporting period, the number of loyal customers was more than 697,000, which is 0.4% more than the year before. The proportion of loyal customers in the Group's turnover was 85.5% (in 2020, it was 86.7%). In December 2021, the Financial Supervision Authority issued a creditor's activity licence to TKM Finants AS, subsidiary of the Group, which will allow the company to provide consumer credit to customers. The various different payment options provided by merchants are unavoidable in trade today and provide to the consumer the advantages of speed and convenience, also to entry into a contract directly with the merchant. Over a year ago, the Group started to issue purchase limits for the Kuukaart (Monthly Card) loyalty card, which allows the customers to pay for their purchases once a month based on an invoice. The Monthly Card loyalty card has been well-received and the Group intends to offer opportunities for paying in instalments to the customers as the next step. Cooperation with a long-time partner of the Group, LHV Pank, will also continue, with the bank continuing to issue the Partner Bank Card, which has a specific target group and circle of users and is a different product than the options to pay in instalments.

Selver supermarkets

The consolidated sales revenue of the supermarket business segment in 2021 was 569.0 million euros, increasing by 8.5% compared to the previous year. The consolidated sales revenue was 151.4 million euros

in the fourth quarter, increasing by 5.6% in comparison with the same period of last year. The average monthly sales revenue per square metre of sales area in 2021 was 0.40 thousand euros, exceeding the respective indicator in the year before by 2.6%. In the fourth quarter, the respective indicator was 0.43 thousand euros, which is 5.2% more than in the same period last year. The average sales revenue per square metre of selling space of comparable stores was 0.42 thousand euros in 2021, growing by 3.0% compared to the year before, and 0.45 thousand euros, on average, in the fourth quarter, growing by 5.7%, respectively. In 2021, 42.4 million purchases were made from the stores, which was 4.1% higher than in the reference year.

In the fourth quarter of 2021, the pre-tax consolidated profit was 6.3 million euros, increasing by 2.8 million euros in comparison with the same period the year before. The net profit of the same period was 5.7 million euros, which is an increase of 1.7 million euros in comparison with the previous year. The pre-tax profit of the supermarkets segment in 2021 was 20.5 million euros, increasing by 5.0 million euros in comparison with the previous year. The net profit of the year was 18.4 million euros, which is an increase of 4.4 million euros in comparison with the previous year. As of 1 June 2020, the results of the supermarket segment include the results of ABC Supermarkets.

Like Estonian economy as a whole, the supermarket segment was also impacted by the changes in the purchase behaviour and consumption habits of the customers in connection with the coronavirus, which broke out in March 2020. These have led to challenges in operating with the goods and continuously increased the expenses on the personal protective equipment for the customers and employees.

Selver's result was affected by the acquisition of ABC Supermarkets AS in the second quarter of 2020, which increased the number of Selver stores by 19. In February 2021, the sales activities of one of the stores were terminated and at the end of the year, the sales activities will continue in the eighteen added stores. Selver expanded the sales area of one of its stores in 2021 and renovated two stores, including one in the fourth quarter. The store was closed to customers for six weeks in the fourth quarter for the renovation. The comparability of the results is also affected by the new Selver store, which was opened in July 2020, and the renovation of three Selver stores in the reference period, the expansion of the sales area of two of the stores, closing one store, and the impact of the leap year. In 2021, the transfer of the stores operating under the Comarket brand to the Selver ABC brand was completed and IT software upgrades were made in the Delice store and Solaris Food Store. In the Delice and Solaris stores, the Delice Express service is now offered to customers – previously, these stores had self-service checkouts, but now, customers can make their purchases conveniently by using barcode scanners. The process of bringing the stores together under one brand and updating the IT software was accompanied by closing the stores for a few days for replacing the equipment, as well as by one-time expenses and investments. The work on the selection of the stores operating under the Selver ABC trademark as well as on increasing the efficiency of the work processes including the entire Selver chain has continued. In the third quarter, four smaller Selver stores were rebranded under the Selver ABC trademark. Investments were made in the popular SelveEkspress service in 2021. The technological platform of SelveEkspress was updated, additional self-checkout tills were added to the stores where the customers' interest in the service has significantly increased, and the opening of the SelveEkspress service in the Selver ABC stores began. Kulinaaria OÜ, which belongs to the supermarket segment and is known to the customers under the Selveri Köök trademark, completed the construction of an extension of its factory in 2021, which doubled the size of the production area to over 6,000 square metres. The new production building is the most modern in the Baltic States in its sector. The turnover of Selveri Köök increased by 13% in 2021. The new production equipment has allowed to optimise the production processes and reduce the amount of manual labour, which has, in turn, enabled to lower the production costs.

Compared to the same period the year before, which already included the significant increase in e-commerce, the number of orders received by e-Selver has almost doubled during the year. Since the beginning of 2021, the service area of e-Selver has been expanded in stages and, since June, it covers all of mainland Estonia, as well as the largest islands. The service area of e-Selver is the largest in Estonia and it was declared the most user-friendly online store in the category of groceries in 2021. The nationwide home delivery service of e-Selver was recognized with the title of the 'Logistics Act of the Year' in 2021.

The formation of the profit for the year was impacted by the good turnover results, especially in the warm summer period and in the product groups, which were affected by the spread of COVID-19 the year before. The faster increase in the labour costs and purchasing ABC Supermarkets and transferring it under the trademark of Selver had a negative impact. The lack of manpower in the labour market has resulted in wage pressure. A temporary increase in labour costs was also caused by the integration of the processes of ABC Supermarket stores into the Selver solution, higher labour needs in the e-commerce segment, where the provision of the service is more resource-intensive compared to the physical store, and higher expenses to cover the increased sick days of employees. The profit has also been affected by the energy prices, which have occasionally risen several times above the normal levels.

Selver plans to open at least three new Selver stores in 2022, to renovate four existing stores, and to further develop the online store service to meet the persistently high demand.

As at the end of 2021, the Supermarket segment includes 69 Selver stores, 1 Delice store, the Solaris Food Store, e-Selver, the mobile store and café, with a total sales area of 114.8 thousand m², and the central kitchen Kulinaaria OÜ.

Department stores

In 2021, the Kaubamaja department stores business segment earned a sales revenue of 93.4 million euros, which is 5.2% more than last year. In the fourth quarter, the sales revenue of the Kaubamaja department store segment amounted to 32.7 million euros, which is 11.4% better than the result in the same period the year before. The pre-tax loss of the segment in 2021 was 0.7 million euros. The loss decreased by 0.7 million euros over the year. The pre-tax profit of the fourth quarter of 2021 was 0.3 million euros, being 0.6 million euros lower than the result of the same period of the year before.

The 2021 sales results of the Kaubamaja was affected by the state of emergency declared by the Government of the Republic of Estonia in the first quarter of the year due to the pandemic, as a result of which Kaubamaja closed all its industrial goods departments in Tallinn and Tartu for seven weeks. Only the grocery stores remained open. The department stores reopened on 2 May. In 2020, shopping centres were closed for six weeks. The demand for summer goods was high in the reopened department stores and the discount campaigns in the summer were successful. The renovation of the beauty and food sections of the Tallinn department store in the summer months had a negative impact on the operating profit of the Kaubamaja department store, with the food segment in Tallinn closed for the renovation works on 25 June and reopened in a fully renovated form on 26 August. Customers interest for the renovated sections was very high. The autumn season campaigns, which started with 'Beauty Time' in September and 'Shopping Rally' in October and ended with the Christmas sales, were the most successful ever. There are plans to fully renovate the women's fashion section in Tallinn at the beginning of 2022; the section is expected to be reopened in renovated form on 8 March. The development and planning of the concept for the food section in Tartu will also begin in 2022. Concerning the online store, Kaubamaja is planning to switch over to a new software solution, which should improve the user convenience for the customers and add different functionalities. The photo studio technology will be replaced as well. The average sales revenue of the Kaubamaja department stores per square metre of selling space was 0.3 thousand euros per month in the twelve months, which is 4.4% higher than in the same period last year.

In the fourth quarter of 2021, the sales revenue of OÜ TKM Beauty Eesti, which operates I.L.U. cosmetics stores, was 2.1 million euros, which is 21.1% more than in the same period of 2020. In the fourth quarter of 2021, the profit was 0.2 million euros, which was 0.1 million euros more than in the comparable period in 2020. The sales revenue of 2021 was 5.5 million euros, which is 11.5% more than in the 2020. The profit in 2021 was 0.2 million euros, which was 0.1 million euros more than in 2020. The sales revenue of the I.L.U. stores in the fourth quarter was boosted by the successful Christmas sales, as well as a general increase in consumer confidence and the favourable economic situation. In 2022, the I.L.U. store concept upgrades and two stores are being renovated. The online store assembly capacity will also be increased by expanding the online store warehouse.

The sales revenue of the shoe stores of TKM King AS, which is being reported under the department store segment as of 1 April 2021, was 6.1 million euros in 2021. The sales revenue decreased by 11.0% compared to the year before. In the fourth quarter, the sales revenue of the segment was 1.6 million euros, which is 16.1% less than in the same period a year before. The loss in 2021 amounted to 2.8 million euros. Compared to the year before, the loss increased by 1.1 million euros. The loss of the fourth quarter was 1.9 million euros, increasing by 1.7 million euros compared to the year before. Based on the strategic decision made by the Group in September in the reporting year to close the footwear business over 2022, the gradual realisation of the inventories began in the fourth quarter and preparations were made for closing the stores. The operating loss was increased due to forming reserves in connection with future costs of closing the stores.

Car trade

The sales revenue of the car trade segment was 145.8 million euros in 2021, which exceeded the sales revenue of the previous year by 24.0%. The sales revenue of 29.6 million euros in the fourth quarter exceeded the sales revenue of the same period in the previous year by 18.1%. During the twelve months, a total of 5,884 new vehicles were sold, 1,147 of them in the fourth quarter. The net profit of the segment in 2021 was 6.9 million euros, exceeding the profit of the year before by 5.1 million euros. The pre-tax profit of the segment in 2021 was 7.4 million euros, which is 5.3 million euros more than the pre-tax profit in 2020. The pre-tax profit of the fourth quarter of 2021 was 1.6 million euros, which is 1.2 million euros more than the profit of the same period of the year before.

The vehicle sales in the fourth quarter were dominated by the deficit and availability of new vehicles arising from the deficit of car parts. Forward-looking planning of the stocks allowed the car trade segment of the Group to stand out and Kia to become the most-sold passenger car in Estonia in October. The sales margin and the profitability of the entire segment also grew in the conditions of increased demand.

Security segment

The sales revenue of the security segment outside the Group in the fourth quarter of 2021 was 2.3 million euros, increasing by 16.0% in comparison with the same period of last year. The section of cash transport continued to grow fastest. The pre-tax loss earned in the segment was 0.1 million euros in the fourth quarter. The loss increased by 0.03 million euros compared to the same period last year. The sales revenue of the security segment in 2021 was 8.2 million euros, increasing by 35.9% compared to the previous year. The pre-tax profit in 2021 remained at zero, which is similar to the previous result.

2021 as a whole was an intensive year of rapid changes for the security segment. All sections of the company increased their business volumes and adjusted successfully in the unstable conditions. The increase in energy prices and the labour shortage, which significantly increased the labour costs in the last few months of the year, had the greatest negative impact on profitability.

Real estate

The sales revenue earned in the real estate segment outside the Group was 5.3 million euros in 2021. Sales revenue increased by 3.1% compared to the previous year. The sales revenue earned in the segment outside the Group was 1.5 million euros in the fourth quarter. During the reference period, sales revenue increased by 5.1%. The pre-tax profit earned in the real estate segment was 12.1 million euros in 2021. The profit increased by 19.9% compared to the year before. The pre-tax profit earned in the segment was 4.1 million euros in the fourth quarter. The pre-tax profit increased by 56.9% in the reference period. The profit of the segment in the fourth quarter was affected by the annual evaluation of the fair value of the real estate investments, as a result of which the profit of the quarter increased by 2.2 million euros.

The coronavirus pandemic affected the sales revenue of the segment throughout 2021. The restrictions had the greatest impact on the rental premises and catering and entertainment establishments in central Tallinn. The Tartu Kaubamaja centre has recovered quickly from the restrictions, which were implemented to prevent the spread of the virus, compared to the year before. The growth in the sales revenue and profit in the segment in the second half of the year were supported by the commercial premises rented to external parties by the Latvian real estate undertaking. In the third quarter, the immovable property in Saare County was sold. The immovable property of the Laulasmaa Selver and commercial land in Harju County were acquired in 2021.

The transfer to green energy from 1 September was a landmark event for the real estate segment in 2021. This means that the electricity consumed on the commercial premises owned by the Group is 100% generated from renewable sources.

Personnel

The average number of employees in the Tallinna Kaubamaja Group in 2021 was 4,864, showing an increase of 6.7% compared to 2020. Total labour costs (cost of wages and social tax) amounted to 88.8 million euros in 2021, having grown by 13.4% compared to 2020. In the fourth quarter, the labour costs increased by 12.8% compared to the year before, while the average number of employees decreased by 1.4%. The average monthly wage costs per employee increased by 14.7% in the fourth quarter; the overall annual increase was 6.4%.

Impacts of the COVID-19

The financial result of 2021 was affected by the restrictions imposed to prevent the spread of the coronavirus in spring. The restrictions mainly affected the stores of the Kaubamaja department store segment, with most of those stores closed for seven weeks (in 2020, the same stores remained closed for six weeks). The fashion and industrial goods departments of the Kaubamaja department store segment, all I.L.U. stores, as well as the ABC King and SHU shoe stores were closed for visitors. Based on an application submitted by the Group, the state covered the employees' remuneration and, within the framework of the entrepreneurship support package, the Group's operating expenditure in the extent of 1.6 million euros, in total (a year before, the amount of national aid for the operations reached 1.3 million euros). Despite the support received, the negative impact of Covid-19 on business results cannot be underestimated. Considering, among other things, the Group's strategic decision to end the footwear business in an even more difficult competitive situation in a pandemic situation, the Department Store segment earned a loss over the year in total.

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, 20 January 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 fourth quarter and 12 months of 2021 as set out on pages 14 - 38.

The Chairman of the Management Board confirms that:

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



Raul Puusepp
Chairman of the Management Board

Tallinn, 20 January 2022

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros

	Note	31.12.2021	31.12.2020
ASSETS			
Current assets			
Cash and cash equivalents	2	29,981	32,757
Trade and other receivables	3	20,673	15,894
Inventories	5	68,369	77,334
Total current assets		119,023	125,985
Non-current assets			
Long-term receivables and prepayments	8	304	335
Investments in associates	7	1,745	1,712
Investment property	9	62,690	60,347
Property, plant and equipment	10	431,263	388,757
Intangible assets	11	20,284	20,148
Total non-current assets		516,286	471,299
TOTAL ASSETS		635,309	597,284
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings	12	40,646	49,402
Trade and other payables	13	111,345	102,841
Total current liabilities		151,991	152,243
Non-current liabilities			
Borrowings	12	238,705	217,349
Deferred tax liabilities	14	4,476	4,408
Provisions for other liabilities and charges		267	277
Total non-current liabilities		243,448	222,034
TOTAL LIABILITIES		395,439	374,277
Equity			
Share capital	15	16,292	16,292
Statutory reserve capital		2,603	2,603
Revaluation reserve		109,543	102,630
Currency translation differences		0	-149
Retained earnings		111,432	101,631
TOTAL EQUITY		239,870	223,007
TOTAL LIABILITIES AND EQUITY		635,309	597,284

The notes presented on pages 19 to 38 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In thousands of euros

	Note	IV quarter 2021	IV quarter 2020	12 months 2021	12 months 2020
Revenue	16	217,545	201,253	821,648	741,938
Other operating income		2,339	309	4,332	1,285
Cost of merchandise	5	-156,096	-147,608	-607,239	-556,712
Service expenses	17	-14,324	-12,647	-48,874	-44,009
Staff costs	18	-25,956	-23,016	-88,755	-78,301
Depreciation, amortisation and impairment losses	10,11	-9,932	-9,888	-38,963	-35,137
Other expenses		-464	-523	-931	-1,057
Operating profit		13,112	7,880	41,218	28,007
Finance income		2	1	4	2
Finance costs		-1,283	-1,272	-4,909	-4,239
Finance income on shares of associates accounted for using the equity method	7	27	20	183	191
Profit before tax		11,858	6,629	36,496	23,961
Income tax expense	15	-147	1,361	-4,480	-4,462
NET PROFIT FOR THE FINANCIAL YEAR		11,711	7,990	32,016	19,499
Other comprehensive income:					
<i>Items that will not be subsequently reclassified to profit or loss</i>					
Revaluation of land and buildings	10	9,284	11,225	9,284	11,225
Currency translation differences		-149	0	-149	0
Other comprehensive income for the financial year		9,135	11,225	9,135	11,225
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		20,846	19,215	41,151	30,724
Basic and diluted earnings per share (euros)	19	0.29	0.20	0.79	0.48

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

The notes presented on pages 19 to 38 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

In thousands of euros

	Note	12 months 2021	12 months 2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit		32,016	19,499
<i>Adjustments:</i>			
Interest expense		4,909	4,239
Interest income		-4	-2
Income tax expense	15	4,480	4,463
Depreciation, amortisation	10, 11	38,116	34,848
Gain/loss from fair value adjustment of investment property	9	-1,842	311
Loss on write-off of non-current assets	10	847	289
Profit on sale of non-current assets	10	-262	-26
Effect of equity method	7	-183	-191
Corporate income tax paid		-64	-102
Change in inventories		8,495	3,805
Change in receivables and prepayments related to operating activities		-4,747	1,611
Change in liabilities and prepayments related to operating activities		10,055	4,503
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		91,816	73,247
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	10	-22,721	-27,554
Proceeds from sale of property, plant and equipment	10	347	85
Purchase of investment property	9	-501	-210
Proceeds from sale of investment property	9	0	10
Purchase of intangible assets	11	-526	-787
Business combination	6	-1,771	-14,910
Cash acquired from business combination	6	0	811
Dividends received	7	150	200
Interest received		4	2
TOTAL CASH FLOWS USED IN INVESTING ACTIVITIES		-25,018	-42,353
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	12	7,109	39,292
Repayments of borrowings	12	-20,702	-18,156
Change in overdraft balance	12	-5,342	-4,490
Payments of principal of leases	12	-16,955	-15,628
Interest paid on lease liabilities	12	-3,416	-2,882
Dividends paid	15	-24,437	-29,731
Income tax on dividends	15	-4,333	-5,821
Interest paid		-1,498	-1,350
TOTAL CASH FLOWS USED IN FINANCING ACTIVITIES		-69,574	-38,766
TOTAL CASH FLOWS		-2,776	-7,872
Cash and cash equivalents at the beginning of the period	2	32,757	40,629
Cash and cash equivalents at the end of the period	2	29,981	32,757
Net change in cash and cash equivalents		-2,776	-7,872

The notes presented on pages 19 to 38 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

In thousands of euros

	Share capital	Statutory reserve capital	Revaluation reserve	Currency translation differences	Retained earnings	Total
Balance as of 31.12.2019	16,292	2,603	93,496	-149	109,773	222,015
Net profit for the reporting period	0	0	0	0	19,499	19,499
Revaluation of land and buildings	0	0	11,225	0	0	11,225
Total comprehensive income for the reporting period	0	0	11,225	0	19,499	30,724
Reclassification of depreciation of revalued land and buildings	0	0	-2,091	0	2,091	0
Dividends paid	0	0	0	0	-29,732	-29,732
Total transactions with owners	0	0	0	0	-29,732	-29,732
Balance as of 31.12.2020	16,292	2,603	102,630	-149	101,631	223,007
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

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

The notes presented on pages 19 to 38 form an integral part of these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM ACCOUNTS

Note 1. Accounting Principles Followed upon Preparation of the Condensed Consolidated Interim Accounts

General Information

Tallinna Kaubamaja Grupp AS ('the Company') and its subsidiaries (jointly 'Tallinna Kaubamaja Group' or 'the Group') are companies engaged in rendering services related to retail sale and rental activities in Estonia, Latvia and Lithuania. Tallinna Kaubamaja Grupp AS is a company registered on 18 October 1994 in the Republic of Estonia with the legal address of Kaubamaja 1, Tallinn. The shares of Tallinna Kaubamaja Grupp AS are listed on the NASDAQ Tallinn Stock Exchange. The majority shareholder of Tallinna Kaubamaja Grupp AS is OÜ NG Investeeringud (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 2020. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The presentation currency of Tallinna Kaubamaja Group is euro. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of each of the Group's entities is euro. All amounts disclosed in the financial statements have been rounded to the nearest thousand unless referred to otherwise.

The Manager is of the opinion that the Condensed Consolidated Interim Report of Tallinna Kaubamaja Group for the fourth quarter and 12 months of 2021 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.

Changes in presentation

The Group has defined in segment reporting the business segments based on the reports used regularly by the supervisory board to make strategic decisions. In 2021, the supervisory board started to monitor, as separate segment, security segment. Footwear segment is included in department store segment where previously was presented also security services. Previous periods comparatives have been restated accordingly.

Note 2. Cash and cash equivalents

in thousands of euros

	31.12.2021	31.12.2020
Cash on hand	1,167	1,034
Bank accounts	27,586	30,346
Cash in transit	1,228	1,377
Total cash and cash equivalents	29,981	32,757

Note 3. Trade and other receivables

in thousands of euros

	31.12.2021	31.12.2020
Trade receivables (Note 4)	17,106	14,196
Other receivables from related parties (Note 20)	0	3
Other short-term receivables	461	163
Total financial assets from balance sheet line "Trade and other receivables"	17,567	14,362
Prepayment for goods	2,029	598
Other prepaid expenses	998	893
Prepaid rental expenses	9	7
Prepaid taxes (Note 14)	70	34
Total trade and other receivables	20,673	15,894

Note 4. Trade receivables

in thousands of euros

	31.12.2021	31.12.2020
Trade receivables	13,766	11,313
Allowance for doubtful receivables	-53	-11
Receivables from related parties (Note 20)	397	319
Credit card payments	2,996	2,575
Total trade receivables	17,106	14,196

Note 5. Inventories

in thousands of euros

	31.12.2021	31.12.2020
Goods purchased for resale	67,722	76,549
Raw materials and materials	647	785
Total inventories	68,369	77,334

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

in thousands of euros

	IV quarter 2021	IV quarter 2020	12 months 2021	12 months 2020
Write-down and write-off of inventories	3,725	2,911	12,571	9,884
Inventory stocktaking deficit	861	868	2,917	2,943
Total materials and consumables used	4,586	3,779	15,488	12,827

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

Note 6. Subsidiaries

Tallinna Kaubamaja Group consists of:

Name	Location	Area of activity	Ownership 31.12.2021	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

Business combinations

Acquisitions in 2020:

Name	Location	Area of activity	Acquisition date	Ownership %
ABC Supermarkets AS	Estonia	Retail trade	29.05.2020	100%

On May 29, 2020, Selver AS, a subsidiary of Tallinna Kaubamaja Grupp AS, acquired a 100% stake in ABC Supermarkets AS. The chain of Selver supermarkets was established in 1995. The transaction added 16 Comarket shops in Harju, Pärnu and Tartu County, 2 Delice shops in Viimsi and the city of Pärnu and a Solaris shop in Tallinn to the Selver chain. Acquiring the shares of ABC Supermarkets AS give us unique opportunity to meet our clients' expectations by offering more convenient and quicker purchases in new locations where we are not yet present.

The merger decisions of Selver AS (the acquiring company) and ABC Supermarkets AS (the company being acquired) were adopted on 21 August 2020 and an entry of the merger in the commercial register was made on 1 October 2020. Selver AS and ABC Supermarkets AS balance sheet merger was on 01.07.2020.

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

in thousands of euros	Fair value
Cash and cash equivalents	811
Trade receivables	6,962
Inventories	2,839
Property, plant and equipment	3,697
Goodwill (Note 11)	13,609
Trademark (Note 11)	1,911
Liabilities	-6,978
Total identifiable net assets	22,851
Consideration of ownership interest	22,851
Paid for ownership interest in cash	14,910
Cash and cash equivalents in the acquired entity	-811
Net outflow of cash – investing activities	-14,099
<hr/>	
Payable in future for the ownership interest in cash	1,641

Goodwill at value of 13,609 thousand euros and trademark 1,911 thousand euros was acquired (Note 11). The goodwill is attributable to the reduction of costs through the centralized purchasing function and the introduction of a unified customer base.

Acquisition-related costs are included in other operating expenses in the statement of profit or loss and other comprehensive income and in operating cash flows in the statement of cash flows.

In 2021 last payment for the ownership was paid in the amount of 1,641 thousand euros.

With aim to provide our customers more convenient shopping experience, in 2020, it was decided to develop financial services that support retail business. In 2020, Tallinna Kaubamaja Grupp AS established TKM Finants AS, a subsidiary with a share capital of 50,000 euros belonging completely to the Group. Financial Supervision Authority has issued the relevant authorisation in 2021 December to TKM Finants AS. TKM Finants AS will commence with granting credit to private persons, the postponement of a due date for a charge, including the entry into credit agreements and performance of acts needed for this purpose in its own name and account.

In order to separate the operations of OÜ TKM Beauty Eesti, which is involved in the retail trade of cosmetics, from the cosmetics wholesale function, a division was undertaken. In the course of the division of OÜ TKM Beauty (company being divided), OÜ TKM Beauty Holding, a company with a share capital of 2,500 euros and 100% ownership by Tallinna Kaubamaja Grupp AS, was established. OÜ TKM Beauty transferred the share of OÜ TKM Beauty Eesti to OÜ TKM Beauty Holding (recipient company). In November 2020 merge of OÜ TKM Beauty Holding and OÜ TKM Beauty Eesti took place, so that OÜ TKM Beauty Eesti directly become a 100% subsidiary of Tallinna Kaubamaja Grupp AS.

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.

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).

Note 7. Investments in associates

Tallinna Kaubamaja Grupp AS has ownership of 50% (2020: 50%) interest in the entity AS Rävåla Parkla which provides the services of a parking house in Tallinn. The investment has been classified as associated company because the other owner has the power to appoint the members of supervisory board.

in thousands of euros

	31.12.2021	31.12.2020
Investment in the associate at the beginning of the year	1,712	1,721
Profit for the reporting period under equity method	183	191
Dividends received	-150	-200
Investment in the associate at the end of the accounting period	1,745	1,712

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

	31.12.2021	31.12.2020
Current assets	141	111
Non-current assets	3,409	3,446
Current liabilities	60	133
Owner's equity	3,489	3,424

	IV quarter 2021	IV quarter 2020	12 months 2021	12 months 2020
Revenue	90	135	518	534
Net profit	52	41	365	388

Note 8. Long-term trade and other receivables

in thousands of euros

	31.12.2021	31.12.2020
Prepaid rental expenses	196	269
Deferred tax asset	26	31
Other receivables	82	35
Total long-term trade and other receivables	304	335

Note 9. Investment property

in thousands of euros

Carrying value as at 31.12.2019	60,458
Purchases and improvements	210
Disposal	-10
Net loss from fair value adjustment	-311
Carrying value as at 31.12.2020	60,347
Purchases and improvements	501
Net profit from fair value adjustment	1,842
Carrying value as at 31.12.2021	62,690

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

The cost of investments for the 12 months of 2021 amounted to 501 thousand euros (2020: 210 thousand euros).

In 2021 year, renovation work was carried out for Tartu Kaubamaja in the amount of 243 thousand euros and Viimsi Centre in the amount of 23 thousand euros (2020: for Tartu Kaubamaja in the amount of 207 thousand euros and for Viimsi Centre in the amount of 3 thousand euros).

In 2021 year, renovation work was carried out for investment property in Latvia: Salapils shopping centre in the amount of 172 thousand euros and Kuldiga shopping centre in the amount of 63 thousand euros (2020: 0 euros).

As a result of the valuation in 2021 in Estonia, the fair values of investment property increased in the amount of 1,524 thousand euros. As a result of the valuation in 2020 in Estonia, the fair values of investment property decreased in the amount of 402 thousand euros.

As a result of the valuation in 2021 in Latvia, the fair values of investment property increased in the amount of 622 thousand euros (2020: 172 thousand euros) and decreased in the amount of 304 thousand euros (2020: 81 thousand euros).

Net fair value adjustment of investment property is recorded in the income statement line "Other operating income" in the amount of 1,842 thousand euros in 2021. Net fair value adjustment of investment property in 2020 is recorded in the income statement line "Other operating expense" in the amount of 311 thousand euros.

Note 10. Property, plant and equipment

in thousands of euros

	Land and buildings	Right-of use-assets: retail properties	Machinery and equipment	Other fixtures and fittings	Construction in progress	Total
31.12.2019						
Cost or revalued amount	179,243	115,574	43,321	43,541	27,940	409,619
Accumulated depreciation and impairment	-4,778	-16,448	-30,140	-29,381	-9,680	-90,427
Carrying value	174,465	99,126	13,181	14,160	18,260	319,192
Changes occurred in 2020						
Purchases and improvements	3,730	0	10,837	6,672	6,315	27,554
Acquired through business combinations (Note 6)	249	0	2,109	530	8	2,896
Addition to right-of use assets	0	62,212	0	0	0	62,212
Reclassification among property, plant and equipment groups	1,889	0	0	0	-1,889	0
Reclassification from intangible assets (Note 11)	0	0	-499	1,068	-10	559
Reclassification to inventory	0	0	-485	0	0	-485
Reclassification to property, plant and equipment from inventory	0	0	485	0	6	491
Disposals	-4	0	-54	-1	0	-59
Write-offs	-38	0	-81	-170	0	-289
Termination of right-of use-assets	0	-920	0	0	0	-920
Decrease/increase in value through profit or loss	425	0	0	0	114	539
Increase in value through revaluation reserve	11,225	0	0	0	0	11,225
Depreciation	-5,562	-18,069	-4,866	-5,661	0	-34,158
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
Reclassification from liabilities	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

The cost of investments for the 12 months of 2021 amounted to 23,247 thousand euros (including purchases of property, plant and equipment in the amount of 22,721 thousand euros and purchases of intangible assets amounted to 526 thousand euros).

The cost of purchases of property, plant and equipment made in reporting period in the supermarkets business segment was 13,613 thousand euros. In the reporting period, was completed transfer of Comarket stores under Selver trademark. Tartu Jaamamõisa Selver and Valga Selver was renovated. Computing technology for SelveEkspress self-service cashers were purchased. New project of transition to digital price tags in Selver stores continued, also were renewed store fittings. New investments for Selver e-store were made in order to expand service availability in home delivery. Selver AS subsidiary's Kulinaaria OÜ opened new production building.

The cost of purchases of property, plant and equipment in the business segment of department stores amounted to 6,255 thousand euros. In the reporting period, Kaubamaja opened renewed Tallinna Kaubamaja Beauty Department and Food Department.

The cost of purchases of property, plant and equipment in the reporting period was 274 thousand euros in the car trade business segment.

The cost of purchases of property, plant and equipment in the reporting period was 136 thousand euros in the security business segment.

The cost of purchases of property, plant and equipment in the real estate business segment amounted to 2,443 thousand euros. In the reporting period was purchased Kloogaranna tee 26, property and building in Harju County and in property in Maardu, Harju County.

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

At the year-end 2020, the fair value of "Land and buildings" and recoverable amount of "Construction in progress" was assessed. The fair values of "Land and buildings" and the recoverable amounts of buildings under construction (based on the value in use) were determined based on management's judgment, using the estimates of certified independent real estate experts for determining the inputs to be used or the fair value of the items. The discounted cash flow model and market data (comparable transactions, rental income, etc.) were both used for determining fair values as well as recoverable amounts.

The discount rates used for estimation of "Land and Buildings" located in Estonia were 7.2% -11.5% (2020: 8.0% -11.5%) depending on the location of the property and the rental growth rates were 1.0% - 2.5% (2020: 1.0% - 2.5%). For the purpose of estimating the value of "Land and buildings", the rental agreements in force have been used for determining the input of the rental price, which management believes correspond to the market conditions. As a result of the revaluation in 2021 the value of "Land and buildings" located in Estonia increased by 8,433 thousand euros which was recognized through revaluation reserve (2020: 10,175 thousand euros).

The discount rates used for estimation of "Land and Buildings" located in Latvia were 8.0%-9.0% (2020: 8.5% -10.0%) and the rental growth rates were 1.0% -2.5% (2020: 2.5%). As a result of the revaluation in 2021 the value of "Land and buildings" located in Latvia increased by 851 thousand euros which was recognized through revaluation reserve and increase in value was recognized through profit and loss in the amount of 139 thousand euros (2020: 1,050 thousand euros and increase in value was recognized through profit and loss in the amount of 425 thousand euros).

As a result of the revaluation in 2021 and 2020 the value of "Land and buildings" located in Lithuania was adjusted neither upwards nor downwards.

The value of "Construction in progress" located in Estonia increase in value was recognized through profit and loss in the amount of 32 thousand euros. In 2020 the value of "Construction in progress" located in Estonia was adjusted neither upwards nor downwards.

The value of "Construction in progress" located in Latvia increased by 181 thousand euros and was recognized through profit and loss (2020: 114 thousand euros).

The value of "Construction in progress" located in Lithuania was adjusted neither upwards nor downwards in 2021 and 2020.

Note 11. Intangible assets

in thousands of euros

	Goodwill	Trademark	Beneficial agreements	Capitalised development expenditure	Total
31.12.2019					
Cost	3,260	3,688	0	2,170	9,118
Accumulated amortisation and impairment	0	-2,912	0	-1,216	-4,128
Carrying value	3,260	776	0	954	4,990
Changes occurred in 2020					
Purchases and improvements	0	0	0	787	787
Acquired through business combinations (Note 6)	13,609	1,911	0	639	16,159
Reclassification to property, plant and equipment (Note 13)	0	0	0	-559	-559
Amortisation	0	-895	0	-334	-1,229
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-offs	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

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 526 thousand euros (2020: 787 thousand euros).

As a trademark, the Group has recognised the image of ABC King 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 will be amortised during 7 years.

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

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

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

in thousands of euros	31.12.2021	31.12.2020
Supermarkets	13,609	13,609
Car trade	3,156	3,156
Department store	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	31.12.2021	31.12.2020
Short-term borrowings		
Overdraft	7,308	12,650
Bank loans	13,662	17,101
Lease liabilities	16,838	17,892
Other borrowings	2,838	1,759
Total short-term borrowings	40,646	49,402

in thousands of euros	31.12.2021	31.12.2020
Long-term borrowings		
Bank loans	72,489	86,150
Lease liabilities	160,973	128,386
Other borrowings	5,243	2,813
Total long-term borrowings	238,705	217,349
Total borrowings	279,351	266,751

Borrowings received

in thousands of euros	IV quarter 2021	IV quarter 2020	12 months 2021	12 months 2020
Overdraft	0	0	0	0
Bank loans	0	0	0	33,934
Other borrowings	892	329	7,109	5,358
Total borrowings received	892	329	7,109	39,292

Borrowings paid

in thousands of euros	IV quarter 2021	IV quarter 2020	12 months 2021	12 months 2020
Overdraft	3,041	4,490	5,342	4,490
Bank loans	2,350	2,924	17,101	15,711
Lease liabilities	4,424	4,187	16,955	15,628
Other borrowings	926	606	3,601	2,445
Total borrowings paid	10,741	12,207	42,999	38,274

Bank loans are denominated in euros. As of 31.12.2021, the repayment dates of bank loans are between 25.01.2022 and 15.06.2026 (2020: between 25.01.2021 and 31.07.2025), interest is tied both to 3-month and 6-month EURIBOR as well as EONIA. Group has also contracts with fixed interest rate. Weighted average interest rate was 1.39% (2020: 1.64%).

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 on recognition of lease liabilities was 1.57% (31.12.2020: 1.62%).

Net debt reconciliation

in thousands of euros

	31.12.2021	31.12.2020
Cash and cash equivalents (Note 2)	29,981	32,757
Short-term borrowings	-40,646	-49,402
Long-term borrowings	-238,705	-217,349
Net debt	-249,370	-233,994
Cash and cash equivalents (Note 2)	29,981	32,757
Gross debt – fixed interest rates	-184,555	-153,606
Gross debt – variable interest rates	-94,796	-113,145
Net debt	-249,370	-233,994

	Cash and cash equivalents	Overdraft	Borrowings	Lease liabilities	Total
Net debt 31.12.2019	40,629	-17,140	-86,554	-100,630	-163,695
Cash flow (principal and interest)	-7,872	4,490	-19,919	18,509	-4,792
Interest accrued	0	0	-1,350	-2,882	-4,232
New lease contracts	0	0	0	-62,212	-62,212
Termination of lease liabilities	0	0	0	937	937
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

Note 13. Trade and other payables

in thousands of euros

	31.12.2021	31.12.2020
Trade payables	77,955	73,139
Payables to related parties (Note 20)	5,263	5,585
Other accrued expenses	96	1,741
Prepayments by tenants	3,428	2,951
Total financial liabilities from balance sheet line "Trade and other payables"	86,742	83,416
Taxes payable (Note 14)	9,729	8,088
Employee payables	10,123	8,185
Prepayments	4,026	3,106
Short-term provisions*	725	46
Total trade and other payables	111,345	102,841

*Short-term provisions in year 2020 represent warranty provisions related to footwear trade. In 2021, short-term provisions represent restructuring provisions related to footwear trade.

Note 14. Taxes

in thousands of euros

	31.12.2021		31.12.2020	
	Prepaid taxes	Taxes payable	Prepaid taxes	Taxes payable
Prepaid taxes	70	0	34	0
Value added tax	0	4,356	0	3,167
Personal income tax	0	1,409	0	1,210
Social security taxes	0	3,525	0	3,268
Corporate income tax	0	87	0	74
Unemployment insurance	0	229	0	216
Mandatory funded pension	0	123	0	153
Total taxes	70	9,729	34	8,088

As of 31.12.2021 deferred tax liability on dividends in the amount of 4,476 thousand euros (31.12.2020: 4,408 thousand euros) is recorded in the balance sheet.

Note 15. Share capital

As of 31.12.2021 and 31.12.2020, 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 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.

In 2020, dividends were paid to the shareholders in the amount of 29,731 thousand euros, or 0.73 euros per share. Related income tax expense on dividends amounted to 5,821 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 real estate segment deals with the development, management and maintenance of real estate owned by the Group, and with the rental of commercial premises.

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

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

in thousands of euros

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

in thousands of euros

IV quarter 2020	Super markets	Department store	Car trade	Security	Real estate	Inter-segment transactions	Impact of lease accounting	Total segments
External revenue	143,401	29,374	25,074	2,024	1,380	0	0	201,253
Inter-segment revenue	280	872	88	1,843	3,556	-6,639	0	0
Total revenue	143,681	30,246	25,162	3,867	4,936	-6,639	0	201,253
EBITDA	6,645	2,096	589	64	3,330	0	5,044	17,768
Segment depreciation and impairment losses	-3,020	-1,139	-159	-85	-538	0	-4,947	-9,888
Operating profit/loss	3,625	957	430	-21	2,792	0	97	7,880
Finance income	76	109	0	0	75	-259	0	1
Finance income on shares of associates	0	20	0	0	0	0	0	20
Finance costs	-183	-158	-70	-4	-258	259	-858	-1,272
Income tax	560	148	261	-5	397	0	0	1,361
Net profit/loss	4,078	1,076	621	-30	3,006	0	-761	7,990
incl. in Estonia	4,078	1,076	737	-30	1,448	0	-761	6,548
incl. in Latvia	0	0	-176	0	1,571	0	0	1,395
incl. in Lithuania	0	0	60	0	-13	0	0	47
Segment assets	139,838	63,554	32,484	3,706	286,397	-71,044	142,349	597,284
Segment liabilities	118,462	51,919	23,507	3,049	92,374	-61,312	146,278	374,277
Segment investments in property, plant and equipment	4,853	815	90	86	321	0	0	6,165
Segment investments in intangible assets	0	164	0	0	0	0	0	164
Reversal of the impairment from previous years of property, plant and equipment through profit or loss	0	0	0	0	539	0	0	539
Increase in value through revaluation reserve of property, plant and equipment	0	0	0	0	11,225	0	0	11,225
Fair value adjustment of investment property	0	0	0	0	311	0	0	311

in thousands of euros

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

in thousands of euros

12 months 2020	Super markets	Department store	Car trade	Security	Real estate	Inter-segment transactions	Impact of lease accounting	Total segments
External revenue	524,390	88,811	117,612	6,018	5,107	0	0	741,938
Inter-segment revenue	1,195	3,318	478	6,317	13,541	-24,849	0	0
Total revenue	525,585	92,129	118,090	12,335	18,648	-24,849	0	741,938
EBITDA	25,079	1,686	3,064	304	14,502	0	18,509	63,144
Segment depreciation and impairment losses	-9,308	-3,203	-521	-308	-3,728	0	-18,069	-35,137
Operating profit/loss	15,771	-1,517	2,543	-4	10,774	0	440	28,007
Finance income	303	515	0	0	260	-1,076	0	2
Finance income on shares of associates (Note 7)	0	191	0	0	0	0	0	191
Finance costs	-537	-597	-379	-13	-907	1,076	-2,882	-4,239
Income tax	-1,545	-444	-357	-30	-2,086	0		-4,462
Net profit/loss	13,992	-1,852	1,807	-47	8,041	0	-2,442	19,499
incl. in Estonia	13,992	-1,852	2,260	-47	6,527	0	-2,442	18,438
incl. in Latvia	0	0	-736	0	1,563	0	0	827
incl. in Lithuania	0	0	283	0	-49	0	0	234
Segment assets	139,838	63,554	32,484	3,706	286,397	-71,044	142,349	597,284
Segment liabilities	118,462	51,919	23,507	3,049	92,374	-61,312	146,278	374,277
Segment investments in property, plant and equipment (Note 10)	22,057	1,853	1,822	1,054	768	0	0	27,554
Segment investments in intangible assets (Note 11)	21	751	15	0	0	0	0	787
Reversal of the impairment from previous years of property, plant and equipment through profit or loss (Note 10)	0	0	0	0	539	0	0	539
Increase in value through revaluation reserve of property, plant and equipment (Note 10)	0	0	0	0	11,225	0	0	11,225
Fair value adjustment of investment property (Note 9)	0	0	0	0	311	0	0	311

External revenue according to types of goods and services sold

in thousands of euros

	IV quarter 2021	IV quarter 2020	12 months 2021	12 months 2020
Retail revenue	202,731	188,697	748,862	685,148
Wholesale revenue	7,033	3,773	36,767	24,740
Rental income	2,368	2,555	9,238	9,499
Revenue for rendering services	5,413	6,228	26,781	22,551
Total revenue	217,545	201,253	821,648	741,938

External revenue by client location

in thousands of euros

	IV quarter 2021	IV quarter 2020	12 months 2021	12 months 2020
Estonia	203,624	186,945	753,562	683,601
Latvia	10,119	10,637	48,584	44,075
Lithuania	3,802	3,671	19,502	14,262
Total	217,545	201,253	821,648	741,938

Distribution of non-current assets* by location of assets

in thousands of euros

	31.12.2021	31.12.2020
Estonia	478,568	434,491
Latvia	33,849	32,981
Lithuania	2,124	2,115
Total	514,541	469,587

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

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

Note 17. Services expenses

in thousands of euros

	IV quarter 2021	IV quarter 2020	12 months 2021	12 months 2020
Rental expenses	241	187	737	690
Heat and electricity expenses	2,558	2,184	9,340	8,049
Expenses related to premises	2,795	1,869	8,866	7,261
Cost of services and materials related to sales	2,051	1,924	7,761	6,899
Marketing expenses	2,358	2,266	7,983	7,809
Other operating expenses	1,323	1,519	4,362	4,843
Computer and communication costs	1,926	1,820	6,560	5,800
Expenses related to personnel	1,072	878	3,265	2,658
Total services expenses	14,324	12,647	48,874	44,009

Note 18. Staff costs

in thousands of euros

	IV quarter 2021	IV quarter 2020	12 months 2021	12 months 2020
Wages and salaries	19,654	17,380	67,351	59,338
Social security taxes	6,302	5,636	21,404	18,963
Total staff costs	25,956	23,016	88,755	78,301
Average wages per employee per month (euros)	1,386	1,208	1,154	1,085
Average number of employees in the reporting period	4,728	4,795	4,864	4,558

Note 19. Earnings per share

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

	IV quarter 2021	IV quarter 2020	12 months 2021	12 months 2020
Net profit (in thousands of euros)	11,711	7,990	32,016	19,499
Weighted average number of shares	40,729,200	40,729,200	40,729,200	40,729,200
Basic and diluted earnings per share (euros)	0.29	0.20	0.79	0.48

Note 20. Related party transactions

in thousands of euros

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

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

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

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

	Purchases 12 months 2021	Sales 12 months 2021	Purchases 12 months 2020	Sales 12 months 2020
Parent	309	10	590	20
Entities in the Parent's consolidation group	31,013	3,617	29,332	2,178
Members of management and supervisory boards	0	23	0	80
Other related parties	42	7	154	13
Total	31,364	3,657	30,076	2,291

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

Balances with related parties:

	31.12.2021	31.12.2020
Receivables from entities in the in the Parent's consolidation group (Note 4)	396	319
Members of management and supervisory boards (Note 3)	0	3
Other related parties (Note 4)	1	0
Total receivables from related parties	397	322

	31.12.2021	31.12.2020
Parent	21	19
Entities in the Parent's consolidation group	5,226	5,546
Other related parties	16	20
Total liabilities to related parties (Note 13)	5,263	5,585

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 2021, the Group has not earned interest income on its deposits of available funds. During 12 months of 2020, the Group has earned interest income on its deposits of available funds for one thousand euros, interest rate 0.01%.

As at 31 December 2021 and 31 December 2020, Tallinna Kaubamaja Grupp AS had not deposited any funds through head group. In 2021 Group has used available funds of head group in the amount of 5,000 thousand euros (2020: 0 euros) and paid interest 1 thousand euros (2020: 0 euros). According to the group account contract, the Group's members are jointly responsible for the unpaid amount to the bank.

Remuneration paid to the members of the Management and Supervisory Board

Short term benefits to the management boards' members of the Tallinna Kaubamaja Group for the reporting period including wages, social security taxes, bonuses and car expenses, amounted to 2,405 thousand euros (2020 12 months: 1,803 thousand euros). Short-term benefits to supervisory boards' members of the Group in reporting period including social taxes amounted to 693 thousand euros (2020 12 months: 686 thousand euros).

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