

# TALLINNA KAUBAMAJA GRUPP AS

Consolidated Interim Report for  
the Third quarter and first 9 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 4,700 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 September 2022
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## MANAGEMENT REPORT

Management

In order to manage the Group the general meeting of the shareholders, held at least once in a year, elects supervisory board, which according to the articles of association may have 3 to 6 members. Members of the Group supervisory board are Jüri Kão (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 Kão, Enn Kunila, Meelis Milder and Gunnar Kraft will expire on 20 May 2024. During the period between the general meetings the supervisory board plans actions of the company, organises management and accomplishes supervision over management actions. Regular supervisory board meetings are held at least 10 times in a year. In order to manage daily activities the supervisory board appoints member(s) of the management board of the Tallinna Kaubamaja Group in accordance with the Commercial Code. In order to elect a member of the management board, his or her consent is required. By the articles of association a member of the management board shall be elected for a specified term of three years. Extension of the term of office of a member of the management board shall not be decided earlier than one year before the planned date of expiry of the term of office, and not for a period longer than the maximum term of office prescribed by the articles of association. Currently the management board of Group has one member. The term of office of the management board member Raul Puusepp was extended on 2020 and his term of office expires on 6 March 2023.

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

Structure of the company

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

1. The operating segment of supermarkets is focused on the retail sales of food products and convenience goods.
2. The main area of activity of the department store segment is the retail sales of beauty and fashion products. The segment includes the retail sales of the department stores, as well as the beauty store chain.
3. The car trade segment is focused on the import and sale of cars and spare parts for cars.
4. The real estate segment is involved with the development, management and maintenance of the real estate owned by the Group and with renting commercial premises.
5. The principal activity of the security segment is the provision of security solutions.

The following companies belong to the Group as of September 30, 2022:

		Shareholding as of 30.09.2022	Shareholding as of 31.12.2021
<b>Selver supermarkets</b>			
Selver AS	Estonia	100%	100%
Kulinaaria OÜ	Estonia	100%	100%
<b>Department stores</b>			
Kaubamaja AS	Estonia	100%	100%
TKM Finants AS	Estonia	100%	100%
OÜ TKM Beauty	Estonia	100%	100%
OÜ TKM Beauty Eesti	Estonia	100%	100%
AS TKM King	Estonia	0%	100%
Rävala Parkla AS	Estonia	50%	50%

	Location	Shareholding as of 30.09.2022	Shareholding as of 31.12.2021
<b>Car trade</b>			
TKM Auto OÜ	Estonia	100%	100%
KIA Auto AS	Estonia	100%	100%
AS Viking Motors	Estonia	100%	100%
SIA Forum Auto	Latvia	100%	100%
Verte Auto SIA	Latvia	100%	100%
KIA Auto UAB	Lithuania	100%	100%
<b>Security segment</b>			
Viking Security AS	Estonia	100%	100%
<b>Real estate</b>			
Tallinna Kaubamaja Kinnisvara AS	Estonia	100%	100%
OÜ Tartu Kaubamaja Kinnisvara	Estonia	100%	100%
SIA TKM Latvija	Latvia	100%	100%
TKM Lietuva UAB	Lithuania	100%	100%

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

#### Share market

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

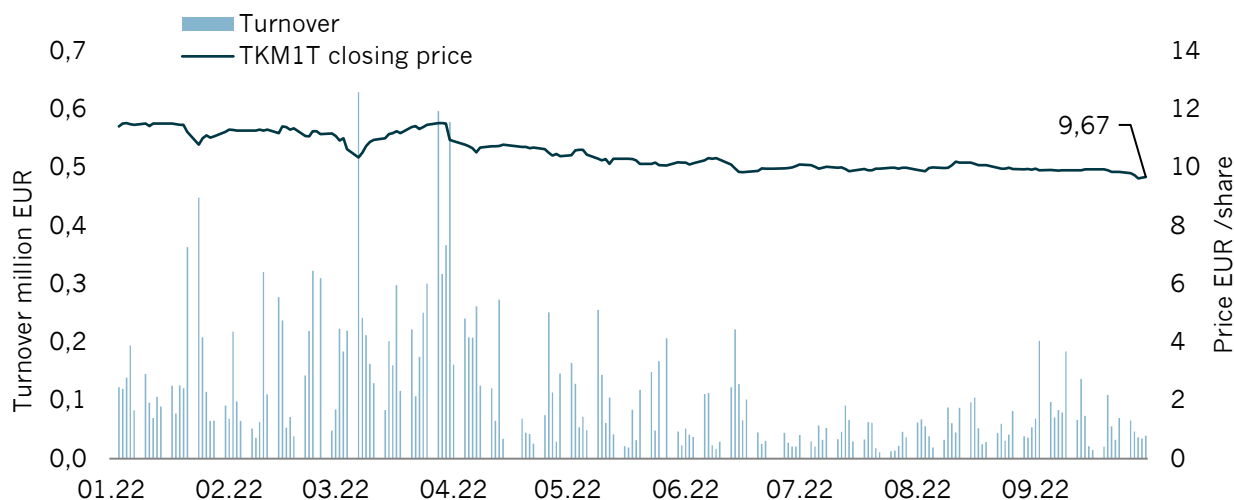
The members of the management board of the Group have no right to issue or buy back shares. In addition, there are no commitments between the company and its employees providing for compensation in mergers and acquisitions under article 19<sup>1</sup> of Stock Market Trade Act.

The share with a price of 11.22 euros at the end of 2021 was closed in the end of September 2022 at the level of 9.67 euros, decreased by 13.8% in nine 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 30.09.2022.

In euros



SHARE	Q3/22	Q3/21	9M/22	9M/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)	5.67	5.37	5.67	5.37
Share's closing price (EUR/share)	9.67	10.36	9.67	10.36
Earnings per share (EUR)	0.19	0.31	0.46	0.50

Risks

The Russian military invasion of Ukraine on 24 February steeply increased one of the most feared risks – the risk of a military threat to Europe. In the third quarter, the risks related to the dependence of the European energy market on Russian energy became significantly greater. The sabotage of the Nord Stream gas pipelines severely damaged energy security. The situation leads to increased energy costs and possible business interruption for the Group. To reduce energy costs, the new stores of the Group have been built to be as energy-efficient as possible. Existing business processes are reviewed with the aim of further optimising energy use. Opening hours of stores, as well as cooling, heating, ventilation, and lighting solutions are analysed thoroughly. Action plans are also considered for possible temporary power outages. The Group is looking for solutions to ensure energy independence in the most important residential areas to make it possible to supply the population with food even in the event of a power outage. One part of the solution is the creation of solar energy plants on the properties of the Group. The Group has critically reviewed its development plans in the context of the war in Ukraine and has taken into consideration a higher risk of uncertainty.

The 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 – they have raised interest rates and are planning to raise them further. This, in turn, has led to a rapid rise in the Euribor rates used for interbank settlements, which have remained negative for years. The volume of loan obligations with a floating interest rate of the Group as at 30 September 2022 was 110.6 million euros (see Note 12), a large part of which is related to Euribor. The increase in financial costs due to the increase in Euribor realised during the reporting period was 0.02 million euros. When it comes to the publicly predicted Euribor increases 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 business

The real estate segment of the Group built a solar power plant on the roof of the Pirita Selver in July. The produced electricity covered approximately one fifth of the electricity needs of the Pirita Selver in the summer. The real estate segment also plans to build solar power plants on several other properties belonging to the Group. Next, solar panels will be installed on the roof of Viimsi Centre.

In addition to the production of electricity itself, the Group is increasingly focusing on electric cars and electric car charging stations. Kia Auto installed five 22kW charging stations for electric cars, and the installation of

one 22kW and one 150kW charging station is planned in the near future. The Group uses electricity from 100% renewable sources both in Kia Auto and in other properties belonging to the Group.

For the third year in a row, Kaubamaja was recognised with the 'Diverse Workplace' quality label of the Estonian Human Rights Centre and the Ministry of Social Affairs. The 'Diverse Workplace' label is awarded to employers who ensure equal treatment and an inclusive organisational culture, and whose contribution to diversity management sets an example for others. It shows the commitment of the organisation to supporting diversity and thereby creating a better working environment and society. In addition, Kaubamaja won sixteenth place in the category of young people from vocational educational institutions and was awarded the quality label 'Attractive employer' by Instar. Selver also made it to the top forty. There were 213 companies in the list.

The Group conducted an employee satisfaction survey with 70% of employees participating. The results were analysed in workshops held in the third quarter. The purpose of the survey is to get input from the employees, to involve them in development or change processes, and to assess employee-related risks and potential.

Sustainability is an important keyword in the Group when choosing both the assortment and the packaging of the products of the Group. In addition to mayonnaise salads, the central kitchen Kulinaaria started packing fresh salads in 100% rPET containers, and during September, the packaging of all fresh salads was switched to the new containers. To simplify the sorting of the packages, Kulinaaria added instructions to the packages so that the customers can easily understand how the different parts of the container need to be sorted. Kaubamaja continues to support an increasingly large selection of Estonian designers (there are more than twenty of their brands in the fashion world) and added eco-friendly brands such as Ecoalf, Wooly Organic, and Organic People to the selection.

#### Economic environment

In the second quarter of 2022, economic growth slowed down strongly in Estonia due to the rapid rise in prices, growing by only 0.6% compared to the second quarter of last year. At current prices, GDP increased by 17.8%. According to Statistics Estonia, the information and communication sector, which had the greatest positive impact on economic growth, continues to be the engine of the Estonian economy. This was followed by professional, scientific, and technical activities. Accommodation and catering, which is still recovering from the coronavirus crisis, made a strong contribution to economic growth for the second quarter in a row. However, the majority of sectors contributed negatively to economic growth due to the effect of price increases. The manufacturing industry, real estate activities, the agricultural sector, and trade showed the worst results. The decline in production volumes in the manufacturing industry is a cause for concern. This sector is the largest exporter of goods and comprises 15% of the total added value of Estonia, thus being an economic branch with significant influence. According to the Bank of Estonia, the economy may decline by 0.5% in 2022 as a whole. For the very open economy of Estonia, increases in input prices due to both the energy crisis and supply chain issues caused a sharp price increase. The consumer price index in Estonia increased by 19.0% in the first nine months. The biggest price increase occurred in the third quarter, when prices increased by an average of 23.8%. The biggest price increase hit the housing costs in the third quarter, which increased by 71.8%, followed by transport with 25.8%. The prices of food and non-alcoholic beverages rose by 21.8% and the prices of clothing and footwear increased by 7.8% in the third quarter. According to Statistics Estonia, for example, in September, gas was 255.2%, solid fuel 118.3%, electricity consumed in homes 105.5%, and heat energy 62.9% more expensive than in September 2021. According to the estimations of the Bank of Estonia, the average inflation in 2022 will be 19.1%, still mainly due to the increase in energy prices. In Estonia, companies have also had to take into account the faster growth of wage costs compared to many other EU countries when pricing products. In comparison with the second quarter of the previous year, the average monthly gross wages increased by 10.1%, reaching 1,693 euros in the second quarter. As consumer prices rose by 20% at the same time, the purchasing power of the average wage decreased. According to the Bank of Estonia, 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, raising wages by an estimated 10.2% in 2022.

According to Statistics Estonia, the sales revenue of trading companies in Estonia increased by 18.6% in current prices (supported by price increases) in the first eight months of 2022. Retail sales of motor fuel (52.2%) showed the largest increase in sales revenue. Sales revenue in non-specialised stores (primarily foodstuffs) grew by 11.4% in total in the first eight months of the year. According to the Association of Estonian Car Dealers and Service Companies, the registration of new passenger cars in the first nine months of 2022 in Estonia decreased by 12.7%. Although the registration of new passenger cars also decreased by 15.0% in the first eight months of the year according to the Association of Estonian Car Dealers and Service Companies, the sales revenue of the wholesale and retail sale and repair segment of motor vehicles and motorcycles has increased by 14.3% in the first eight months of 2022 according to Statistics Estonia, indicating an increase in prices and a higher demand for used cars. The Estonian consumer confidence index fell to a record low in

recent months, being lower than the indicators of both the 2020 coronavirus pandemic and the 2009 crisis. Gloomy assessments of the outlook for the next 12 months, both for the country as a whole and for the economic situation of families, had a great impact on the consumer confidence index.

Economic results

**Financial ratios**

In million EUR	Q3/22	Q3/21	Change %	9M/22	9M/21	Change %
<b>Revenue</b>	<b>216.5</b>	<b>206.2</b>	<b>5.0%</b>	<b>628.4</b>	<b>604.1</b>	<b>4.0%</b>
Selver supermarkets	149.8	142.5	5.1%	433.1	417.6	3.7%
Department stores	22.9	21.9	4.7%	71.4	60.7	17.7%
Car trade	39.8	38.2	4.1%	112.4	116.2	-3.3%
Security	2.4	2.2	10.5%	6.9	5.8	19.1%
Real estate	1.6	1.4	12.1%	4.6	3.8	19.9%
<i>Gross profit margin%</i>	<i>27.08%</i>	<i>26.83%</i>	<i>0.9%</i>	<i>27.17%</i>	<i>25.32%</i>	<i>7.3%</i>
<b>EBITDA</b>	<b>18.8</b>	<b>23.4</b>	<b>-20.0%</b>	<b>56.0</b>	<b>57.1</b>	<b>-2.0%</b>
Selver supermarkets	5.5	10.6	-48.3%	16.6	22.6	-26.4%
Department stores	0.5	0.4	17.5%	2.3	0.7	239.9%
Car trade	3.5	2.7	31.5%	9.3	6.6	41.3%
Security	0.2	0.2	-8.2%	0.4	0.3	9.1%
Real estate	4.1	4.4	-8.0%	12.2	11.9	2.0%
IFRS 16	5.0	5.2	-2.5%	15.3	15.0	1.6%
<i>margin</i>	<i>8.66%</i>	<i>11.37%</i>	<i>-23.8%</i>	<i>8.91%</i>	<i>9.46%</i>	<i>-5.7%</i>
<b>Operating profit</b>	<b>9.0</b>	<b>13.9</b>	<b>-35.4%</b>	<b>26.8</b>	<b>28.1</b>	<b>-4.6%</b>
<i>margin</i>	<i>4.14%</i>	<i>6.73%</i>	<i>-38.4%</i>	<i>4.27%</i>	<i>4.65%</i>	<i>-8.3%</i>
<b>Net profit</b>	<b>7.8</b>	<b>12.6</b>	<b>-38.2%</b>	<b>18.9</b>	<b>20.3</b>	<b>-7.1%</b>
<i>margin</i>	<i>3.59%</i>	<i>6.10%</i>	<i>-41.1%</i>	<i>3.00%</i>	<i>3.36%</i>	<i>-10.7%</i>
<b>Earnings per share (EUR)</b>	<b>0.19</b>	<b>0.31</b>	<b>-38.2%</b>	<b>0.46</b>	<b>0.50</b>	<b>-7.1%</b>

Key ratios	Q3/22	Q3/21	9M/22	9M/21
Return on equity (ROE)	3.4%	6.0%	8.3%	9.7%
Return on assets (ROA)	1.3%	2.1%	3.0%	3.4%
Quick ratio	0.93	0.88	0.93	0.88
Debt ratio	0.63	0.63	0.63	0.63
Inventory turnover (multiplier)	1.93	2.06	5.61	6.15
Sales revenue per employee (in million EUR)	0.046	0.042	0.134	0.123
Average number of employees	4,725	4,875	4,699	4,909

*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 third quarter of 2022, the consolidated unaudited sales revenue of the Group was 216.5 million euros, which was 5.0% more than the sales revenue of the same period in 2021. The sales revenue in the nine months was 628.4 million euros, which was a 4.0% increase in comparison with the result of the first nine months of 2021, when the sales revenue was 604.1 million euros. In the third quarter of 2022, the unaudited consolidated net profit of the Group was 7.8 million euros, which was 38.2% lower than the profit of the comparable period in the previous year. The net profit of the Group for the first nine months of 2022 was 18.9 million euros, which was 7.2% lower than the result of the comparable period in the previous year. In the first nine months, the pre-tax profit was 23.3 million euros, decreasing by 5.3% compared to the year before. 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.

The keywords for the third quarter of 2022 were inflation and rising energy costs. Although the decrease in the purchasing power of the population has not kept pace with inflation due to rapid wage growth, consumers have become cautious in making other purchases in anticipation of an explosive increase in housing costs during the winter period. Therefore, the sales revenue of the retail segments of the Group grew at a moderate pace. The heat and electricity costs of the Group increased almost threefold, making up the largest part of the decrease in the profit of the third quarter compared to 2021. In the competitive Estonian business environment, it is neither possible nor reasonable to realise such a rapid increase in costs to retail prices at the same pace. To reduce energy costs, existing business processes are reviewed with the aim of significantly optimising energy use; for all new stores, the use of energy-efficient solutions is taken into account. The increase in energy costs has forced number of goods suppliers of the Group who are local small producers to stop their activities. In addition, caterers and other small businesses that provided synergy in terms of customer flow in shopping centres are closing their doors. This has an indirect and long-term negative impact on the economic activities of the Group. Labour costs increased by 11.5% in the third quarter, while the number of employees decreased by 3.1% as a result of optimising operations. Regardless of the high price pressure, the Group was still able to maintain a strong sales margin in the department store and supermarket segment, and with the support of the better margin due to the car shortage in the car segment, overall increase the sales margin of the Group.

In the third quarter, preparations were made for the opening of a new Selver store with a total area of nearly 2,000 m<sup>2</sup> in Tabasalu near Tallinn. The premises of the store are planned with the most modern and environmentally friendly technological solutions in mind. The cold storage and freezing facilities of the store operate on a CO<sub>2</sub>-based cooling system, which ensures energy consumption savings of up to a fifth compared to older analogues. The residual heat is used in the ventilation system to heat the building and water. All faucets in the store are equipped with aerators, which reduce the amount of water consumed. In addition, digital solutions are used to reduce paper waste – electronic price tags in the fruit and vegetable department, digital screens used for ads, and Partnerkaart e-receipts. In August, the Partnerkaart app was launched, which is one of the most awaited digital developments among our customers. The Partnerkaart app has all the functions of the Partnerkaart card and it also works as a scanner and a payment solution. The focus is still on updating the platforms and developing services of the e-stores, for which demand is growing. In September, the party snacks of Selveri Köök, previously ordered from a separate environment, were integrated into the eSelver platform, enabling customers to conveniently order from both the grocery store and Selveri Köök with one order and delivery to a significantly expanded service area. Construction work for the construction of a solar park on the roof of the Pirita Selver building, where electricity is used for own consumption, was completed. A similar park is planned to be built on the roof of the Viimsi Centre in the near future. One of the major renovation projects of the sales space in the first half of 2022 was the opening of the renovated Naiste-maailm (Women's department) in the Kaubamaja in Tallinn in the first quarter, where both the physical environment and the selection of brands were updated. In June, the new Priisle Selver was opened in the Lasnamäe district in Tallinn. In 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. In September, the completely renovated I.L.U. store opened with a new concept in the Pärnu shopping mall. A renewed store in Rocca al Mare mall was opened in October.

As at 30 September 2022, the volume of assets of Tallinna Kaubamaja Group was 623.2 million euros – a decrease of 2.2% compared to the results at the end of 2021 without the impact of IFRS 16.

At the end of the reporting period, the number of loyal customers was more than 704 thousand, which is 0.4% more than the year before. The proportion of loyal customers in the turnover of the Group was 83.9% (during the first nine months of 2021, it was 85.5%). The Partnerkaart app launched in August, which has all the functions of the Partnerkaart card, works as a scanner and a payment solution, brought nearly 10,000 new customers aged up to 24. When creating the Partnerkaart app, the goal was to bring to the market an innovative, intuitive, and functional application, which makes the shopping experience faster and more convenient and increases customer loyalty. The software used in the Partnerkaart app makes it possible to read the barcode of the product with a smartphone much faster than with a scanner and allows to spread the

workload of the scanners of the stores. The payment platform used in the app supports both Visa and MasterCard payments and enables the fast processing of digital payments. Almost 90,000 Estonians had downloaded the Partnerkaart app by the beginning of October.

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 pay for all purchases made in the Group's retail stores and e-shops in the following month with one invoice. Nearly 18 thousand loyal customers actively used this functionality as of the end of the reporting period. In August, the facility related to the Kuukaart service of Tallinna Kaubamaja Grupp AS was transferred to TKM Finants AS, which is a 100% subsidiary of the Group holding a creditor's license. This change did 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 in the nine months of 2022 was 433.1 million euros, increasing by 3.7% compared to the previous year. The consolidated sales revenue was 149.8 million euros in the third quarter of 2022, increasing by 5.1% in comparison with the same period of last year. The average monthly sales revenue per square metre of sales area in the nine months of 2022 was 0.41 thousand euros, increasing by 3.3% compared to the same period last year. In the third quarter, the respective indicator was 0.42 thousand euros, which is 3.6% more than in the same period last year. In terms of comparable stores, the sales revenue of goods per square metre of sales area was 0.41 thousand euros in the nine months of 2022, growing by 3.1% compared to the same period last year. In the third quarter, the respective indicator was 0.43 thousand euros, which is 4.8% more than in the same period last year. In the first nine months of 2022, 32.6 million purchases were made from the stores, which was 1.9% more than in the reference year.

In the third quarter of 2022, both the pre-tax profit and net profit were 2.6 million euros, which is 5.2 million euros less than in the reference period. The consolidated pre-tax profit of the supermarkets segment in the nine months of 2021 was 8.0 million euros, decreasing by 6.2 million euros in comparison with the previous year. In the first nine months, the net profit was 5.8 million euros, which signifies a decrease of 6.8 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 nine months 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 war in Ukraine, and the effects of COVID-19 included in the reference base. The 9-month reference base is lower by the costs associated with the rebranding of Selver ABC stores and the negative effects of temporary store closures. The reference base is higher due to one closed store and a significantly higher e-commerce and manufactured goods base on the crest of the 2021 crisis. The decrease in e-commerce sales revenue in the second quarter turned into an increase of approximately 10% in the third quarter. The decline in volume sales of food products continued in the third quarter due to accelerated inflation. The increase in prices is largely due to the increase in the price of energy carriers, which has significantly increased the operating costs of companies, which, in turn, are transferred to the final prices of products and services. In order to alleviate the increase in food prices 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 impact of inflation is mitigated by customers buying campaign products in larger quantities. The share of products with discount prices in the shopping cart rose over 42% in the third quarter. The Lidl store chain, which entered the Estonian market in the first quarter of this year, has not had a significant impact on the sales results of Selver stores. In order to counter-balance the price pressure, Selver has taken steps to increase efficiency. Investments in self-checkout registers and IT solutions have had a positive impact on labour efficiency and the basic process of handling goods. Economic results are strongly affected by the significant increase in energy prices, especially electricity (increase of 5 million euros in nine months), significantly increasing the operating expenses of the segment.

92% of the production of the Kulinaaria central kitchen, which is part of the supermarket segment, is sold to store chains within the Group. The nine-month non-group sales revenue of the kitchen increased by 20% in the reporting period. The turnover growth partly reflects the temporary decline in turnover caused by the coronavirus restrictions still in force in the reference period, but at the same time, the turnover growth has also been supported by the successful introduction of new products to the market. The non-group sales revenue of the central kitchen in the third quarter decreased by 11%. The decrease in turnover is due to the

decrease in the sales volume of food products that can be ordered in advance in the online environment. At the beginning of the school year, Selveri Köök had the great pleasure of baking a total of 189 delicious cakes for children starting school on the order of the city of Tallinn. In the pan-European energy crisis, various ways to optimise energy costs have been sought: the product portfolio has been reduced, energy-intensive semi-finished and finished products have been removed, and production has switched to a reduced six-day work week from September. The factory expansion project started in 2019 has now been completed; the last salad packaging lines, long-awaited due to supply chain issues, were installed in August. Instructions for sorting the package have been added to the new packages. From 1 October, Selveri Köök joined the e-Selver ordering environment. We hope to thereby significantly increase the sales volume of pre-order Selveri Köök products.

Selver opened its 75<sup>th</sup> store in Tabasalu town at the beginning of October. One more store is planned to be renovated this year. The focus is still on the development of the e-store service, for which there is an increasing demand. The self-checkout solution, which is popular among customers, was introduced to all stores during the year.

The merger of AS TKM King with Selver AS, entered in the commercial register in September, will not have a significant impact on the economic results of the supermarket segment.

As at the end of September, the supermarket segment includes 72 Selver stores, 1 Delice store, the Solaris grocery store, the mobile store, and a café, with a total sales area of 115.5 thousand m<sup>2</sup>. In addition, it includes e-Selver, which has the largest service area in Estonia, and the central kitchen Kulinaaria OÜ.

### Department stores

The sales revenue of the Kaubamaja department stores in the first nine months of 2022 was 71.4 million euros, exceeding the sales of the same period last year by 17.7%. The sales revenue of the third quarter was 22.9 million euros, which was 4.7% better than last year. The pre-tax profit of the segment in the first nine months of 2022 was 0.3 million euros. Pre-tax profit increased by 1.3 million euros compared to the previous year. The pre-tax loss of the third quarter was 0.2 million euros, which increased by 0.1 million compared to the same period last year.

The nine-month average sales revenue of Kaubamaja department stores per square metre of selling space was 0.3 thousand euros per month, which is 23.5% higher than in the same period last year. One of the biggest news for the customers of the Kaubamaja department store in the first half of 2022 was the opening of the renovated Naistemaailm in the Kaubamaja in Tallinn, where both the physical environment and the selection of brands were updated. The shopping behaviour of customers is increasingly characterised by the keywords quality, sustainability, and planning – they visit stores less often, think through their purchases, and make larger purchases at once. The same behaviour characterises and justifies successful campaigns – major campaigns such as SAH, Ilu Aeg, Osturalli, and several others that took place during the first nine months have exceeded the results of previous campaigns and the volume of products sold was higher than ever. In the second half of the year, fear of the coronavirus is easing and customers are once again happy to visit physical stores. In summer, Kaubamaja launched the sustainable product labelling project 'World. One and only', which helps to make sustainable choices in the e-store. The label has been very popular among our customers.

In the third 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 0.2% more than in the same period of 2021. In the third quarter of 2022, the profit was 0.1 million euros, which was 0.02 million euros more than during the comparable period in 2021. The sales revenue in the first nine months of 2022 was 4.3 million euros, which is 25.1% more than in the same period of 2021. In the first nine months of 2022, the profit was 0.1 million euros, which was 0.07 million euros more than during the comparable period in 2021. The result of the quarter was affected by a partial business interruption and reduced trading on the sales floor in the Pärnu shopping mall and the Rocca al Mare shopping mall due to the planned innovations in the store's concept area. The most important event of the third quarter was the opening of the renewed I.L.U. cosmetics store in Pärnu Centre. In the renewed store, the previous sales hall solution based on product groups is preserved, but all the furniture and interior elements have been modernised and digitised, and sustainable solutions have been used in the lighting and furniture. By the time the report was published at the beginning of October, a store with the renewed concept was also opened in the Rocca al Mare Centre. The renovation of the I.L.U. store in Ülemiste Centre is planned for the beginning of 2023.

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

### Car trade

The sales revenue of the car trade segment was 112.4 million euros in the first nine months of 2022. The sales revenue was 3.3% lower than the sales revenue in the same period the year before. The 39.8-million-euro sales revenue of the third quarter was 4.1% higher than the sales revenue in the third quarter of 2021. In the first nine months, a total of 3,995 new vehicles were sold, of which 1,357 were sold in the third quarter. The net profit of the segment in the first nine months of 2022 was 8.1 million euros, exceeding the profit for the same period of the year before by 2.5 million euros. The pre-tax profit of the segment for the first nine months of 2022 was 8.5 million euros, exceeding the profit for the same period in 2021 by 2.7 million euros. The pre-tax profit of the third quarter of 2022 was 3.2 million euros, which is 0.8 million euros more than the profit of the same period of the year before.

The automotive industry is gripped by a deficit in 2022, and as a result, the discount pressure on prices has decreased significantly. The sale of new and used cars is going well in all companies of the car trade segment of the Group. In Latvia, the results are somewhat more modest as the launch of our new car showrooms in Riga has been slower than expected due to the coronavirus. The most popular and best-selling models continue to be the Kia Sportage lineup and the Kia Ceed model range. There are still major difficulties with the supply of Korean products, due to which the availability of electric cars is very limited. The development plans of the car trade segment rather focus on the market of Latvia and Lithuania. The plan is to build a new multi-brand car showroom in Vilnius next year. We also plan to build a second KIA showroom on the Bikernieku property belonging to the Group.

### Security segment

The non-group sales revenue of the security segment in the third quarter of 2022 was 2.4 million euros, increasing by 10.5% compared to the same period last year. The pre-tax profit of the segment in the third quarter was 0.1 million euros, which is the same level as last year. The non-group sales revenue of the segment in the first nine months of 2022 was 6.9 million euros, increasing by 19.1% compared to the same period last year. The pre-tax profit of the segment in the first nine months was 0.1 million euros, which is also the same level as last year.

The third quarter showed the same trends. The areas of services continued to grow, but the construction turnover of security technology projects remained at a lower level. A large-scale three-year contract was concluded with State Real Estate Ltd. The volume of the contract is approximately 1.5 million euros.

### Real estate

The non-group sales revenue of the real estate segment in the first nine months of 2022 was 4.6 million euros. Sales revenue increased by 19.9% compared to the same period last year. The non-group sales revenue of the segment was 1.6 million euros in the third quarter. Sales revenue increased by 12.1% compared to the previous year. The pre-tax profit of the real estate segment in the first nine months of the current year was 8.1 million euros, the profit increased by 0.9%. The pre-tax profit earned in the segment was 2.7 million euros in the third quarter. The pre-tax profit decreased by 12.4% in the reference period.

The growth of the sales revenue of the segment has been affected by the temporary rent discounts applied during the coronavirus restrictions. The opening of a reconstructed business centre in Salaspils (Latvia) last summer and the lease contract signed with the Kuldīga Centre this year significantly contributed to the increase in sales revenue. In addition, the Kaubamaja department store in Tallinn has new lessees. The number of visitors of shopping centres, which has increased since the beginning of the year, began to approach the pre-pandemic level in the last quarter, but slowed down in the reporting quarter and remained at the level of the last few months. The caution that characterises the general economic situation has also affected the purchasing behaviour of visitors. The decrease in the profit of the third quarter of the segment was caused by the sharply multiplied energy prices resulting from Russian aggression and the increase in the cost of loan money due to the increase in the interest rates of the euro zone intended to tighten the monetary policy by the European Central Bank at the beginning of the summer.

Real estate companies have paid a lot of attention to improving the energy efficiency of buildings and made several investments to reduce the energy consumption of buildings. Investments have also been made for more accurate measurement and management of the energy consumption of technical systems in buildings. In the summer, a solar park was built on the roof of the Pirita Selver building. The electricity produced is mainly used to cover the on-site consumption of the building. In the spring of next year, it is planned to build

a solar park on the roof of Viimsi Centre. The construction possibilities of solar power plants are also being analysed for other buildings belonging to the Group.

### Personnel

During the first nine months of 2022, the average number of employees at the Grupp was 4,699, decreasing by 4.3% in comparison with the same period in 2021. Total labour force expenses (salary expenses and social tax expenses) in the first nine months of 2022 were 69.3 million euros, which is 10.3% more than during the same period of 2021. In the third quarter, labour force costs increased by 11.5% in comparison with the year before, while the average number of employees decreased by 3.1%.

The monthly average salary costs per employee increased by 15.2% in the first nine month of the year compared to the average salary of the first nine months of 2021. The monthly average salary cost per employee increased due to the lower comparison base due to the salary compensations received from the state for the period of closure of stores in the Department Stores business segment (from March 11 to May 2, 2021). 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 11.6% in the first nine month of the year. In the third quarter, the increase in the average monthly salary cost was 15.0%.

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.



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Raul Puusepp  
Chairman of the Management Board

Tallinn, 12 October 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 third quarter and first 9 months of 2022 as set out on pages 15 - 37.

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 October 2022

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros

	Note	30.09.2022	31.12.2021
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	2	8,981	29,981
Trade and other receivables	3	22,184	20,673
Inventories	5	81,607	68,369
<b>Total current assets</b>		<b>112,772</b>	<b>119,023</b>
<b>Non-current assets</b>			
Long-term receivables and prepayments	8	304	304
Investments in associates	7	1,805	1,745
Investment property	9	62,788	62,690
Property, plant and equipment	10	424,301	431,263
Intangible assets	11	21,214	20,284
<b>Total non-current assets</b>		<b>510,412</b>	<b>516,286</b>
<b>TOTAL ASSETS</b>		<b>623,184</b>	<b>635,309</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Borrowings	12	26,798	40,646
Trade and other payables	13	94,677	111,345
<b>Total current liabilities</b>		<b>121,475</b>	<b>151,991</b>
<b>Non-current liabilities</b>			
Borrowings	12	265,760	238,705
Deferred tax liabilities	14	4,476	4,476
Provisions for other liabilities and charges		444	267
<b>Total non-current liabilities</b>		<b>270,680</b>	<b>243,448</b>
<b>TOTAL LIABILITIES</b>		<b>392,155</b>	<b>395,439</b>
<b>Equity</b>			
Share capital	15	16,292	16,292
Statutory reserve capital		2,603	2,603
Revaluation reserve		107,600	109,543
Retained earnings		104,534	111,432
<b>TOTAL EQUITY</b>		<b>231,029</b>	<b>239,870</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>623,184</b>	<b>635,309</b>

The notes presented on pages 20 to 37 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	III quarter 2022	III quarter 2021	9 months 2022	9 months 2021
Revenue	16	216,457	206,150	628,376	604,103
Other operating income		344	637	1,206	1,993
Cost of merchandise	5	-157,845	-150,841	-457,629	-451,143
Service expenses	17	-17,019	-11,687	-46,033	-34,550
Staff costs	18	-23,046	-20,662	-69,274	-62,799
Depreciation, amortisation and impairment losses	10,11	-9,778	-9,559	-29,199	-29,031
Other expenses		-142	-158	-629	-467
<b>Operating profit</b>		<b>8,971</b>	<b>13,880</b>	<b>26,818</b>	<b>28,106</b>
Finance income		1	0	3	2
Finance costs		-1,255	-1,361	-3,646	-3,626
Finance income on shares of associates accounted for using the equity method	7	58	59	160	156
<b>Profit before tax</b>		<b>7,775</b>	<b>12,578</b>	<b>23,335</b>	<b>24,638</b>
Income tax expense	15	0	0	-4,480	-4,333
<b>NET PROFIT FOR THE FINANCIAL YEAR</b>		<b>7,775</b>	<b>12,578</b>	<b>18,855</b>	<b>20,305</b>
<b>Other comprehensive income:</b>					
<i>Items that will not be subsequently reclassified to profit or loss</i>					
<b>Other comprehensive income for the financial year</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b>		<b>7,775</b>	<b>12,578</b>	<b>18,855</b>	<b>20,305</b>
Basic and diluted earnings per share (euros)	19	0.19	0.31	0.46	0.50

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

The notes presented on pages 20 to 37 form an integral part of these condensed consolidated interim financial statements.

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

In thousands of euros

	Note	9 months 2022	9 months 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profit		18,855	20,305
<i>Adjustments:</i>			
<i>Income tax on dividends</i>	15	4,479	4,333
<i>Interest expense</i>		3,646	3,626
<i>Interest income</i>		-3	-2
<i>Depreciation, amortisation</i>	10, 11	29,189	28,948
<i>Loss on write-off of non-current assets</i>	10	10	83
<i>Profit on sale of non-current assets</i>	10	-37	-253
<i>Effect of equity method</i>	7	-160	-156
<i>Interest paid on lease liabilities</i>	12	-2,612	2,514
Change in inventories		-14,671	3,816
Change in receivables and prepayments related to operating activities		-1,513	-756
Change in liabilities and prepayments related to operating activities		-16,689	-10,179
<b>TOTAL CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>20,494</b>	<b>47,251</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	10	-9,991	-16,209
Proceeds from sale of property, plant and equipment	10	80	332
Purchase of investment property	9	-98	-203
Proceeds from sale of investment property	9	-1,151	0
Purchase of intangible assets	11	0	-254
Dividends received	6	100	-120
Interest received		3	2
<b>TOTAL CASH FLOWS USED IN INVESTING ACTIVITIES</b>		<b>-11,057</b>	<b>-16,452</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings	12	19,014	6,217
Repayments of borrowings	12	-14,464	-17,426
Change in overdraft balance	12	10,790	2,301
Payments of principal of leases	12	-12,678	-12,531
Proceeds from government grant	10	133	0
Dividends paid	15	-27,695	-24,437
Income tax on dividends	15	-4,479	-4,333
Interest paid		-1,058	-1,142
<b>TOTAL CASH FLOWS USED IN FINANCING ACTIVITIES</b>		<b>-30,437</b>	<b>-51,351</b>
<b>TOTAL CASH FLOWS</b>		<b>-21,000</b>	<b>-20,552</b>
Effect of exchange rate changes		0	0
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	8,981	12,205
<b>Net change in cash and cash equivalents</b>		<b>-21,000</b>	<b>-20,552</b>

The notes presented on pages 20 to 37 form an integral part of these condensed consolidated interim financial statements.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

In thousands of euros

	Share capital	Statutory reserve capital	Revaluation reserve	Currency translation differences	Retained earnings	Total
<b>Balance as of 31.12.2020</b>	<b>16,292</b>	<b>2,603</b>	<b>102,630</b>	<b>-149</b>	<b>101,631</b>	<b>223,007</b>
Net loss for the reporting period	0	0	0	0	20,305	20,305
<b>Total comprehensive loss for the reporting period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20,305</b>	<b>20,305</b>
Reclassification of depreciation of revalued land and buildings	0	0	-1,778	0	1,778	0
Dividends paid	0	0	0	0	-24,437	-24,437
<b>Total transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-24,437</b>	<b>-24,437</b>
<b>Balance as of 30.09.2021</b>	<b>16,292</b>	<b>2,603</b>	<b>100,852</b>	<b>-149</b>	<b>99,277</b>	<b>218,875</b>
Net profit for the reporting period	0	0	0	0	32,016	32,016
Revaluation of land and buildings	0	0	9,284	0	0	9,284
Currency translation differences	0	0	0	149	-149	0
<b>Total comprehensive income for the reporting period</b>	<b>0</b>	<b>0</b>	<b>9,284</b>	<b>149</b>	<b>31,867</b>	<b>41,300</b>
Reclassification of depreciation of revalued land and buildings	0	0	-2,371	0	2,371	0
Dividends paid	0	0	0	0	-24,437	-24,437
<b>Total transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-24,437</b>	<b>-24,437</b>
<b>Balance as of 31.12.2021</b>	<b>16,292</b>	<b>2,603</b>	<b>109,543</b>	<b>0</b>	<b>111,432</b>	<b>239,870</b>
Net profit for the reporting period	0	0	0	0	18,855	18,855
<b>Total comprehensive income for the reporting period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18,855</b>	<b>18,855</b>
Reclassification of depreciation of revalued land and buildings	0	0	-1,943	0	1,943	0
Dividends paid	0	0	0	0	-27,696	-27,696
<b>Total transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-27,696</b>	<b>-27,696</b>
<b>Balance as of 30.09.2022</b>	<b>16,292</b>	<b>2,603</b>	<b>107,600</b>	<b>0</b>	<b>104,534</b>	<b>231,029</b>

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

The notes presented on pages 20 to 37 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 2021. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

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

The Manager is of the opinion that the Condensed Consolidated Interim Report of Tallinna Kaubamaja Group for the third quarter and first 9 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

	30.09.2022	31.12.2021
Cash on hand	1,067	1,167
Bank accounts	6,654	27,586
Cash in transit	1,260	1,228
<b>Total cash and cash equivalents</b>	<b>8,981</b>	<b>29,981</b>

**Note 3. Trade and other receivables**

in thousands of euros

	30.09.2022	31.12.2021
Trade receivables (Note 4)	17,507	17,106
Other short-term receivables	713	461
<b>Total financial assets from balance sheet line "Trade and other receivables"</b>	<b>18,220</b>	<b>17,567</b>
Prepayment for goods	2,013	2,029
Other prepaid expenses	1,888	998
Prepaid rental expenses	10	9
Prepaid taxes (Note 14)	53	70
<b>Total trade and other receivables</b>	<b>22,184</b>	<b>20,673</b>

**Note 4. Trade receivables**

in thousands of euros

	30.09.2022	31.12.2021
Trade receivables	15,259	13,766
Allowance for doubtful receivables	-53	-53
Receivables from related parties (Note 20)	436	397
Credit card payments	1,865	2,996
<b>Total trade receivables</b>	<b>17,507</b>	<b>17,106</b>

**Note 5. Inventories**

in thousands of euros

	30.09.2022	31.12.2021
Goods purchased for resale	80,887	67,722
Tare and materials	720	647
<b>Total inventories</b>	<b>81,607</b>	<b>68,369</b>

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

	III quarter 2022	III quarter 2021	9 months 2022	9 months 2021
Write-down and write-off of inventories	3,201	2,928	8,712	8,846
Inventory stocktaking deficit	638	610	1,834	2,056
<b>Total materials and consumables used</b>	<b>3,839</b>	<b>3,538</b>	<b>10,546</b>	<b>10,902</b>

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

#### Note 6. Subsidiaries

Tallinna Kaubamaja Group consists of:

Name	Location	Area of activity	Ownership 30.09.2022	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
Kaubamaja AS	Estonia, Tallinn	Retail trade	100%	2012
Kulinaaria OÜ	Estonia, Tallinn	Centre kitchen activities	100%	2012
Viking Motors AS	Estonia, Tallinn	Retail trade	100%	2012
Viking Security AS	Estonia, Tallinn	Security activities	100%	2014
UAB TKM Lietuva	Lithuania, Vilnius	Real estate management	100%	2017
Verte Auto SIA	Latvia, Riga	Retail trade	100%	2017
TKM Finants AS	Estonia, Tallinn	Commercial and finance activities	100%	2020

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

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

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

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

Tallinna Kaubamaja Grupp AS performed the intragroup restructuring of two Tallinna Kaubamaja Grupp subsidiaries Selver AS and TKM King AS. The merger decisions of Selver AS (the acquiring company) and TKM King AS (the company being acquired) were adopted on 9 August 2022 and an entry of the merger in the commercial register was made on 26 September 2022.

Pursuant to the merger agreement concluded on 7 July 2022, the legal successor of TKM King AS is Selver AS and, with the entry of the merger in the commercial register, all the assets of TKM King AS were wholly transferred to Selver AS. Due to the merger, TKM King AS was deleted from the commercial register on 26 September 2022. TKM King AS retail stores has been closed by now and TKM King AS existing wholesale business is merged with Selver AS.

#### Note 7. Investments in associates

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

in thousands of euros

	30.09.2022	31.12.2021
<b>Investment in the associate at the beginning of the year</b>	<b>1,745</b>	<b>1,712</b>
Profit for the reporting period under equity method	160	183
Dividends received	-100	-150
<b>Investment in the associate at the end of the accounting period</b>	<b>1,805</b>	<b>1,745</b>

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

	30.09.2022		31.12.2021	
Current assets	231		141	
Non-current assets	3,434		3,409	
Current liabilities	55		60	
Owner's equity	3,610		3,489	
	III quarter 2022	III quarter 2021	9 months 2022	9 months 2021
Revenue	135	180	405	428
Net profit	116	118	321	313

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

in thousands of euros

	30.09.2022	31.12.2021
Prepaid rental expenses	196	196
Deferred tax asset	26	26
Other long-term receivables	82	82
<b>Total long-term trade and other receivables</b>	<b>304</b>	<b>304</b>

**Note 9. Investment property**

in thousands of euros

<b>Carrying value as at 31.12.2020</b>	<b>60,347</b>
Purchases and improvements	501
Net loss from fair value adjustment	1,842
<b>Carrying value as at 31.12.2021</b>	<b>62,690</b>
Purchases and improvements	98
<b>Carrying value as at 30.09.2022</b>	<b>62,788</b>

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

In the reporting period, renovation work was carried out for investment property in Latvia, Ogre for 67 thousand euros, in Tartu Kaubamaja 22 thousand euros and in Viimsi Centre 9 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
<b>31.12.2020</b>						
Cost or revalued amount	186,379	176,459	51,760	49,562	32,084	496,244
Accumulated depreciation and impairment	0	-34,110	-31,133	-32,964	-9,280	-107,487
<b>Carrying value</b>	<b>186,379</b>	<b>142,349</b>	<b>20,627</b>	<b>16,598</b>	<b>22,804</b>	<b>388,757</b>
<b>Changes occurred in 2021</b>						
Purchases and improvements	4,791	0	10,248	7,813	-131	22,721
Addition to right-of use assets	0	66	0	0	0	66
Reclassification among property, plant and equipment groups	-2	0	2	0	0	0
Other reclassifications	0	0	49	0	0	49
Reclassification to inventory	0	0	-202	0	0	-202
Reclassification to property, plant and equipment from inventory	0	0	670	0	4	674
Disposals	0	0	-6	-1	-78	-85
Write-offs	0	-416	-94	-285	0	-795
Termination of right-of use-assets	0	-920	0	0	0	-920
Decrease/increase in value through profit or loss	139	0	0	0	213	352
Increase in value through revaluation reserve	9,284	0	0	0	0	9,284
Adjustment to right-of use assets	0	49,372	0	0	0	49,372
Depreciation	-6,248	-19,832	-5,908	-6,022	0	-38,010
<b>31.12.2021</b>						
Cost or revalued amount	194,343	221,083	60,362	52,949	31,878	560,615
Accumulated depreciation and impairment	0	-50,464	-34,976	-34,846	-9,066	-129,352
<b>Carrying value</b>	<b>194,343</b>	<b>170,619</b>	<b>25,386</b>	<b>18,103</b>	<b>22,812</b>	<b>431,263</b>
<b>Changes occurred in 2022</b>						
Purchases and improvements	9,607	0	2,370	3,557	-5,676	9,858
Addition to right-of use assets	0	5,959	0	0	0	5,959
Other reclassifications	0	0	223	0	0	223
Reclassification to intangible assets (Note 11)	0	0	0	0	-187	-187
Reclassification to inventory	0	0	-313	0	0	-313
Reclassification to property, plant and equipment from inventory	0	0	1,761	1	4	1,766
Disposals	0	0	-43	0	0	-43
Write-offs	0	0	-6	-4	0	-10
Reversal of impairment	0	0	0	18	0	18
Adjustment to right-of use assets	0	4,587	0	0	0	4,587
Depreciation	-5,036	-14,367	-4,893	-4,524	0	-28,820
<b>30.09.2022</b>						
Cost or revalued amount	203,546	231,629	63,380	56,095	26,019	580,669
Accumulated depreciation and impairment	-4,632	-64,831	-38,895	-38,944	-9,066	-156,368
<b>Carrying value</b>	<b>198,914</b>	<b>166,798</b>	<b>24,485</b>	<b>17,151</b>	<b>16,953</b>	<b>424,301</b>

The cost of investments for the 9 months of 2022 amounted to 11,142 thousand euros (including purchases of property, plant and equipment in the amount of 9,858 thousand euros and purchases of intangible assets amounted to 1,151 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 6,069 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 end of the reporting period was opened in Harju County Tabasalu Selver supermarket, which is the biggest grocery store in the region. 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 2,246 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 312 thousand euros in the car trade business segment. The cost of purchases of property, plant and equipment in the reporting period was 180 thousand euros in the security business segment.

The cost of purchases of property, plant and equipment in the real estate business segment amounted to 1,051 thousand euros. During the reporting period, real estate companies have made investments for more accurate measurement and management of the energy consumption of technical systems. Design work for the new Selver is underway in Tartu.

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

### Note 11. Intangible assets

in thousands of euros

	Goodwill	Trademark	Beneficial agreements	Capitalised development expenditure	Total
<b>31.12.2020</b>					
Cost	16,869	5,599	0	2,956	25,424
Accumulated amortisation and impairment	0	-3,807	0	-1,469	-5,276
<b>Carrying value</b>	<b>16,869</b>	<b>1,792</b>	<b>0</b>	<b>1,487</b>	<b>20,148</b>
<b>Changes occurred in 2021</b>					
Purchases and improvements	0	0	0	526	526
Acquired through business combinations (Note 6)	0	0	120	0	120
Write off	0	0	0	-52	-52
Amortisation	0	-291	-14	-153	-458
<b>31.12.2021</b>					
Cost	16,869	5,599	120	3,394	25,982
Accumulated amortisation and impairment	0	-4,098	-14	-1,586	-5,698
<b>Carrying value</b>	<b>16,869</b>	<b>1,501</b>	<b>106</b>	<b>1,808</b>	<b>20,284</b>
<b>Changes occurred in 2022</b>					
Purchases and improvements	0	0	0	1,151	1,151
Reclassification to property, plant and equipment	0	0	0	-21	-21
Reclassification from property, plant and equipment (Note 10)	0	0	0	187	187
Amortisation	0	-205	-13	-169	-387
<b>30.09.2022</b>					
Cost	16,869	2,091	120	4,711	23,791
Accumulated amortisation and impairment	0	-795	-27	-1,755	-2,577
<b>Carrying value</b>	<b>16,869</b>	<b>1,296</b>	<b>93</b>	<b>2,956</b>	<b>21,214</b>

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 1,151 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	30.09.2022	31.12.2021
Supermarkets	13,609	13,609
Car trade	3,156	3,156
Security	104	104
<b>Total</b>	<b>16,869</b>	<b>16,869</b>

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

## Note 12. Borrowings

in thousands of euros	30.09.2022	31.12.2021
<b>Short-term borrowings</b>		
Overdraft	18,097	7,308
Bank loans	2,445	13,662
Lease liabilities	4,229	16,838
Other borrowings	2,027	2,838
<b>Total short-term borrowings</b>	<b>26,798</b>	<b>40,646</b>
<b>Long-term borrowings</b>		
Bank loans	89,067	72,489
Lease liabilities	171,450	160,973
Other borrowings	5,243	5,243
<b>Total long-term borrowings</b>	<b>265,760</b>	<b>238,705</b>
<b>Total borrowings</b>	<b>292,558</b>	<b>279,351</b>

**Borrowings received**

in thousands of euros

	III quarter 2022	III quarter 2021	9 months 2022	9 months 2021
Overdraft	675	44	10,790	2,301
Bank loans	3,899	0	17,219	0
Other borrowings	634	719	1,795	6,217
<b>Total borrowings received</b>	<b>5,208</b>	<b>763</b>	<b>29,804</b>	<b>8,518</b>

**Borrowings paid**

in thousands of euros

	III quarter 2022	III quarter 2021	9 months 2022	9 months 2021
Bank loans	5,259	10,050	11,857	14,751
Lease liabilities	4,152	4,167	12,678	12,531
Other borrowings	746	1,033	2,607	2,675
<b>Total borrowings paid</b>	<b>10,157</b>	<b>15,250</b>	<b>27,142</b>	<b>29,957</b>

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

As of 30.09.2022, the repayment dates of bank loans are between 15.11.2022 and 23.08.2027 (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 1.61% (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

	30.09.2022	31.12.2021
Cash and cash equivalents (Note 2)	8,981	29,981
Short-term borrowings	-26,798	-40,646
Long-term borrowings	-265,760	-238,705
<b>Net debt</b>	<b>-283,577</b>	<b>-249,370</b>
Cash and cash equivalents (Note 2)	8,981	29,981
Gross debt – fixed interest rates	-182,002	-184,555
Gross debt – variable interest rates	-110,556	-94,796
<b>Net debt</b>	<b>-283,577</b>	<b>-249,370</b>

	Cash and cash equivalents	Overdraft	Borrowings	Lease liabilities	Total
<b>Net debt 31.12.2020</b>	<b>32,757</b>	<b>-12,650</b>	<b>-107,823</b>	<b>-146,278</b>	<b>-233,994</b>
Cash flow (principal and interest)	-2,776	5,342	14,733	20,371	37,670
Interest accrued	0	0	-1,142	-3,416	-4,558
New lease contracts	0	0	0	-66	-66
Termination of lease liabilities	0	0	0	950	950
Revaluation of lease liabilities	0	0	0	-49,372	-49,372
<b>Net debt 31.12.2021</b>	<b>29,981</b>	<b>-7,308</b>	<b>-94,232</b>	<b>-177,811</b>	<b>-249,370</b>
Cash flow (principal and interest)	-21,000	-10,789	-3,492	15,290	-19,991
Interest accrued	0	0	-1,058	-2,612	-3,670
New lease contracts	0	0	0	-5,959	-5,959
Revaluation of lease liabilities	0	0	0	-4,587	-4,587
<b>Net debt 30.09.2022</b>	<b>8,981</b>	<b>-18,097</b>	<b>-98,782</b>	<b>-175,679</b>	<b>-283,577</b>

**Note 13. Trade and other payables**

in thousands of euros

	30.09.2022	31.12.2021
Trade payables	68,564	77,955
Payables to related parties (Note 20)	3,606	5,263
Other accrued expenses	40	96
Prepayments by tenants	3,589	3,428
<b>Total financial liabilities from balance sheet line "Trade and other payables"</b>	<b>75,799</b>	<b>86,742</b>
Taxes payable (Note 14)	8,668	9,729
Employee payables	7,190	10,123
Prepayments	2,983	4,026
Short-term provisions*	37	725
<b>Total trade and other payables</b>	<b>94,677</b>	<b>111,345</b>

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

**Note 14. Taxes**

in thousands of euros

	30.09.2022		31.12.2021	
	Prepaid taxes	Taxes payable	Prepaid taxes	Taxes payable
Prepaid taxes	53	0	70	0
Value added tax	0	3,236	0	4,356
Personal income tax	0	1,524	0	1,409
Social security taxes	0	3,533	0	3,525
Corporate income tax	0	29	0	87
Unemployment insurance	0	233	0	229
Mandatory funded pension	0	113	0	123
<b>Total taxes</b>	<b>53</b>	<b>8,668</b>	<b>70</b>	<b>9,729</b>

As of 30.09.2022 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 30.09.2022 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 27,645 thousand euros, or 0.68 euros per share. Related income tax expense on dividends amounted to 4,479 thousand euros.

In 2021, dividends were paid to the shareholders in the amount of 24,437 thousand euros, or 0.60 euros per share. Related income tax expense on dividends amounted to 4,333 thousand euros.

#### **Note 16. Segment reporting**

The Group has defined the business segments based on the reports used regularly by the supervisory board to make strategic decisions.

The chief operating decision maker monitors the Group's operations by activities. With regard to areas of activity, the operating activities are monitored in the department stores, supermarkets, real estate, car trade, beauty products (I.L.U.) and security segments. The measures of I.L.U. 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

III quarter 2022	Super markets	Department store	Car trade	Security	Real estate	Inter-segment transactions	Impact of lease accounting	Total segments
<b>External revenue</b>	<b>149,798</b>	<b>22,935</b>	<b>39,760</b>	<b>2,397</b>	<b>1,567</b>	<b>0</b>	<b>0</b>	<b>216,457</b>
Inter-segment revenue	267	1,047	80	1,122	3,612	-6,128	0	0
Total revenue	150,065	23,982	39,840	3,519	5,179	-6,128	0	216,457
<b>EBITDA</b>	<b>5,478</b>	<b>511</b>	<b>3,518</b>	<b>156</b>	<b>4,051</b>	<b>0</b>	<b>5,035</b>	<b>18,749</b>
Segment depreciation and impairment losses	-2,787	-665	-233	-94	-1,185	0	-4,814	-9,778
<b>Operating profit/loss</b>	<b>2,691</b>	<b>-154</b>	<b>3,285</b>	<b>62</b>	<b>2,866</b>	<b>0</b>	<b>221</b>	<b>8,971</b>
Finance income	75	118	30	0	82	-304	0	1
Finance income on shares of associates	0	58	0	0	0	0	0	58
Finance costs	-175	-194	-72	-3	-232	304	-883	-1,255
Income tax	0	0	0	0	0	0	0	0
<b>Net profit/loss</b>	<b>2,591</b>	<b>-172</b>	<b>3,243</b>	<b>59</b>	<b>2,716</b>	<b>0</b>	<b>-662</b>	<b>7,775</b>
incl. in Estonia	2,591	-172	2,711	59	2,580	0	-662	7,107
incl. in Latvia	0	0	271	0	146	0	0	417
incl. in Lithuania	0	0	261	0	-10	0	0	251
<b>Segment assets</b>	<b>144,622</b>	<b>109,936</b>	<b>53,068</b>	<b>3,876</b>	<b>286,855</b>	<b>-141,971</b>	<b>166,798</b>	<b>623,184</b>
<b>Segment liabilities</b>	<b>121,482</b>	<b>85,364</b>	<b>33,432</b>	<b>3,508</b>	<b>84,900</b>	<b>-112,209</b>	<b>175,678</b>	<b>392,155</b>
Segment investments in property, plant and equipment	2,873	400	104	54	541	0	0	3,972
Segment investments in intangible assets	0	635	0	2	0	0	0	637

in thousands of euros

III quarter 2021	Super markets	Department store	Car trade	Security	Real estate	Inter-segment transactions	Impact of lease accounting	Total segments
<b>External revenue</b>	<b>142,470</b>	<b>21,904</b>	<b>38,208</b>	<b>2,170</b>	<b>1,398</b>	<b>0</b>	<b>0</b>	<b>206,150</b>
Inter-segment revenue	211	957	94	1,218	3,597	-6,077	0	0
Total revenue	142,681	22,861	38,302	3,388	4,995	-6,077	0	206,150
<b>EBITDA</b>	<b>10,595</b>	<b>435</b>	<b>2,675</b>	<b>170</b>	<b>4,402</b>	<b>0</b>	<b>5,162</b>	<b>23,439</b>
Segment depreciation and impairment losses	-2,708	-525	-168	-90	-1,149	0	-4,919	-9,559
<b>Operating profit/loss</b>	<b>7,887</b>	<b>-90</b>	<b>2,507</b>	<b>80</b>	<b>3,253</b>	<b>0</b>	<b>243</b>	<b>13,880</b>
Finance income	77	84	10	0	53	-224	0	0
Finance income on shares of associates	0	59	0	0	0	0	0	59
Finance costs	-154	-149	-76	-3	-207	224	-996	-1,361
Income tax	0	0	0	0	0	0	0	0
<b>Net profit/loss</b>	<b>7,810</b>	<b>-96</b>	<b>2,441</b>	<b>77</b>	<b>3,099</b>	<b>0</b>	<b>-753</b>	<b>12,578</b>
incl. in Estonia	7,810	-96	2,162	77	3,079	0	-753	12,279
incl. in Latvia	0	0	59	0	31	0	0	90
incl. in Lithuania	0	0	220	0	-11	0	0	209
<b>Segment assets</b>	<b>139,220</b>	<b>75,926</b>	<b>38,703</b>	<b>3,896</b>	<b>269,769</b>	<b>-93,359</b>	<b>163,994</b>	<b>598,149</b>
<b>Segment liabilities</b>	<b>114,709</b>	<b>68,383</b>	<b>25,891</b>	<b>3,344</b>	<b>80,214</b>	<b>-83,627</b>	<b>170,360</b>	<b>379,274</b>
Segment investments in property, plant and equipment	2,162	3,494	30	24	1,193	0	0	6,903
Segment investments in intangible assets	0	62	0	0	0	0	0	62



in thousands of euros

9 months 2022	Super markets	Department store	Car trade	Security	Real estate	Inter-segment transactions	Impact of lease accounting	Total segments
<b>External revenue</b>	<b>433,094</b>	<b>71,408</b>	<b>112,358</b>	<b>6,941</b>	<b>4,575</b>	<b>0</b>	<b>0</b>	<b>628,376</b>
Inter-segment revenue	1,016	3,140	391	3,759	10,854	-19,160	0	0
Total revenue	434,110	74,548	112,749	10,700	15,429	-19,160	0	628,376
<b>EBITDA</b>	<b>16,621</b>	<b>2,274</b>	<b>9,295</b>	<b>372</b>	<b>12,165</b>	<b>0</b>	<b>15,290</b>	<b>56,017</b>
Segment depreciation and impairment losses	-8,411	-1,901	-633	-269	-3,618	0	-14,367	-29,199
<b>Operating profit/loss</b>	<b>8,210</b>	<b>373</b>	<b>8,662</b>	<b>103</b>	<b>8,547</b>	<b>0</b>	<b>923</b>	<b>26,818</b>
Finance income	225	272	57	1	173	-725	0	3
Finance income on shares of associates (Note 7)	0	160	0	0	0	0	0	160
Finance costs	-448	-477	-226	-10	-598	725	-2,612	-3,646
Income tax	-2,144	-450	-428	-32	-1,426	0	0	-4,480
<b>Net profit/loss</b>	<b>5,843</b>	<b>-122</b>	<b>8,065</b>	<b>62</b>	<b>6,696</b>	<b>0</b>	<b>-1,689</b>	<b>18,855</b>
incl. in Estonia	5,843	-122	6,714	62	6,266	0	-1,689	17,074
incl. in Latvia	0	0	415	0	459	0	0	874
incl. in Lithuania	0	0	936	0	-29	0	0	907
<b>Segment assets</b>	<b>144,622</b>	<b>109,936</b>	<b>53,068</b>	<b>3,876</b>	<b>286,855</b>	<b>-141,971</b>	<b>166,798</b>	<b>623,184</b>
<b>Segment liabilities</b>	<b>121,482</b>	<b>85,364</b>	<b>33,432</b>	<b>3,508</b>	<b>84,900</b>	<b>-112,209</b>	<b>175,678</b>	<b>392,155</b>
Segment investments in property, plant and equipment (Note 10)	6,069	2,246	312	180	1,051	0	0	9,858
Segment investments in intangible assets (Note 11)	13	1,128	6	4	0	0	0	1,151

in thousands of euros

9 months 2021	Super markets	Department store	Car trade	Security	Real estate	Inter-segment transactions	Impact of lease accounting	Total segments
<b>External revenue</b>	<b>417,556</b>	<b>60,685</b>	<b>116,218</b>	<b>5,829</b>	<b>3,815</b>	<b>0</b>	<b>0</b>	<b>604,103</b>
Inter-segment revenue	864	2,896	358	4,338	10,480	-18,936	0	0
Total revenue	418,420	63,581	116,576	10,167	14,295	-18,936	0	604,103
<b>EBITDA</b>	<b>22,582</b>	<b>669</b>	<b>6,578</b>	<b>341</b>	<b>11,922</b>	<b>0</b>	<b>15,045</b>	<b>57,137</b>
Segment depreciation and impairment losses	-8,171	-1,655	-494	-262	-3,450	0	-14,999	-29,031
<b>Operating profit/loss</b>	<b>14,411</b>	<b>-986</b>	<b>6,084</b>	<b>79</b>	<b>8,472</b>	<b>0</b>	<b>46</b>	<b>28,106</b>
Finance income	227	308	10	1	198	-742	0	2
Finance income on shares of associates (Note 7)	0	156	0	0	0	0	0	156
Finance costs	-488	-464	-271	-10	-621	742	-2,514	-3,626
Income tax	-1,542	-407	-278	-24	-2,082	0	0	-4,333
<b>Net profit/loss</b>	<b>12,608</b>	<b>-1,393</b>	<b>5,545</b>	<b>46</b>	<b>5,967</b>	<b>0</b>	<b>-2,468</b>	<b>20,305</b>
incl. in Estonia	12,608	-1,393	5,133	46	5,951	0	-2,468	19,877
incl. in Latvia	0	0	11	0	51	0	0	62
incl. in Lithuania	0	0	401	0	-35	0	0	366
<b>Segment assets</b>	<b>139,220</b>	<b>75,926</b>	<b>38,703</b>	<b>3,896</b>	<b>269,769</b>	<b>-93,359</b>	<b>163,994</b>	<b>598,149</b>
<b>Segment liabilities</b>	<b>114,709</b>	<b>68,383</b>	<b>25,891</b>	<b>3,344</b>	<b>80,214</b>	<b>-83,627</b>	<b>170,360</b>	<b>379,274</b>
Segment investments in property, plant and equipment	8,959	5,285	176	93	1,696	0	0	16,209
Segment investments in intangible assets	0	254	0	0	0	0	0	254

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

in thousands of euros

	III quarter 2022	III quarter 2021	9 months 2022	9 months 2021
Retail revenue	196,448	185,580	569,088	546,131
Wholesale revenue	9,883	9,654	30,373	29,734
Rental income	2,607	2,373	7,594	6,870
Revenue for rendering services	7,519	8,543	21,321	21,368
<b>Total revenue</b>	<b>216,457</b>	<b>206,150</b>	<b>628,376</b>	<b>604,103</b>

## External revenue by client location

in thousands of euros

	III quarter 2022	III quarter 2021	9 months 2022	9 months 2021
Estonia	187,737	179,525	573,490	549,938
Latvia	23,042	20,243	36,674	38,465
Lithuania	5,678	6,382	18,212	15,700
<b>Total</b>	<b>216,457</b>	<b>206,150</b>	<b>628,376</b>	<b>604,103</b>

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

in thousands of euros

	30.09.2022	31.12.2021
Estonia	473,518	478,568
Latvia	32,959	33,849
Lithuania	2,130	2,124
<b>Total</b>	<b>508,607</b>	<b>514,541</b>

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

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

## Note 17. Services expenses

in thousands of euros

	III quarter 2022	III quarter 2021	9 months 2022	9 months 2021
Rental expenses	126	162	388	496
Heat and electricity expenses	6,057	2,234	13,870	6,782
Expenses related to premises	2,554	2,303	7,393	6,071
Cost of services and materials related to sales	1,976	1,814	5,910	5,710
Marketing expenses	2,144	1,826	6,319	5,625
Other operating expenses	1,220	965	3,548	3,039
Computer and communication costs	1,822	1,531	5,386	4,634
Expenses related to personnel	1,120	852	3,219	2,193
<b>Total services expenses</b>	<b>17,019</b>	<b>11,687</b>	<b>46,033</b>	<b>34,550</b>

**Note 18. Staff costs**

in thousands of euros

	III quarter 2022	III quarter 2021	9 months 2022	9 months 2021
Wages and salaries	17,494	15,696	52,604	47,697
Social security taxes	5,552	4,966	16,670	15,102
<b>Total staff costs</b>	<b>23,046</b>	<b>20,662</b>	<b>69,274</b>	<b>62,799</b>
Average wages per employee per month (euros)	1,234	1,073	1,244	1,080
Average number of employees in the reporting period	4,725	4,875	4,699	4,909

**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.

	III quarter 2022	III quarter 2021	9 months 2022	9 months 2021
Net profit (in thousands of euros)	7,775	12,578	18,855	20,305
Weighted average number of shares	40,729,200	40,729,200	40,729,200	40,729,200
Basic and diluted earnings per share (euros)	0.19	0.31	0.46	0.50

**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 9 months 2022	Sales 9 months 2022	Purchases 9 months 2021	Sales 9 months 2021
Parent	160	2	236	3
Entities in the Parent's consolidation group	23,027	2,700	23,982	2,806
Members of management and supervisory boards	17	23	0	18
Other related parties	5	23	20	5
<b>Total</b>	<b>23,209</b>	<b>2,748</b>	<b>24,238</b>	<b>2,832</b>

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

**Balances with related parties:**

	30.09.2022	31.12.2021
Receivables from entities in the in the Parent's consolidation group (Note 4)	435	396
Other related parties (Note 4)	0	1
Members of management and supervisory boards (Note 4)	1	0
<b>Total receivables from related parties</b>	<b>436</b>	<b>397</b>

	30.09.2022	31.12.2021
Parent	21	21
Entities in the Parent's consolidation group	3,585	5,226
Other related parties	0	16
<b>Total liabilities to related parties (Note 13)</b>	<b>3,606</b>	<b>5,263</b>

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

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

For arranging funding for its subsidiaries, the Group uses the group account, the members of which are most of the Group's entities. In its turn, the Group as a subgroup is a member of the group account of NG 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 nine months, the Group has not earned interest income on its deposits of available funds (2021: 0 euros). As at 30 September 2022 and 31 December 2021, Tallinna Kaubamaja Grupp AS had not deposited any funds through head group and had not used available funds of head group. In 2021, Group has used available funds of head group in the amount of 5,000 thousand euros and paid interest 1 thousand euros. According to the group account contract, the Group's members are jointly responsible for the unpaid amount to the bank.

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

Short term benefits to the management boards' members of the Tallinna Kaubamaja Group for the reporting period including wages, social security taxes, bonuses and car expenses, amounted to 2,074 thousand euros (2021 9 months: 1,608 thousand euros). Short-term benefits to supervisory boards' members of the Group in reporting period including social taxes amounted to 647 thousand euros (2021 9 months: 505 thousand euros).

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