

# TALLINNA KAUBAMAJA GRUPP AS

**Consolidated Interim Report for  
the First quarter of 2021**  
(unaudited)

Table of contents

MANAGEMENT REPORT.....	4
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS .....	11
MANAGEMENT BOARD’S CONFIRMATION TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.....	11
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	12
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	13
CONDENSED CONSOLIDATED CASH FLOW STATEMENT .....	14
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS’ EQUITY .....	15
NOTES TO THE CONDENSED CONSOLIDATED INTERIM ACCOUNTS.....	16
Note 1. Accounting Principles Followed upon Preparation of the Condensed consolidated Interim Accounts .....	16
Note 2. Cash and cash equivalents.....	17
Note 3. Trade and other receivables.....	17
Note 4. Trade receivables.....	17
Note 5. Inventories.....	17
Note 6. Subsidiaries.....	18
Note 8. Long-term receivables and prepayments.....	20
Note 9. Investment property .....	21
Note 10. Property, plant and equipment.....	22
Note 11. Intangible assets.....	23
Note 12. Borrowings .....	24
Note 13. Trade and other payables .....	26
Note 14. Taxes.....	26
Note 15. Share capital .....	26
Note 16. Segment reporting.....	27
Note 17. Services expenses.....	30
Note 18. Staff costs .....	30
Note 19. Earnings per share.....	31
Note 20. Related party transactions .....	31

## 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 4,900 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 March 2021
Auditor:	PricewaterhouseCoopers AS
Telephone:	372 667 3300
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## MANAGEMENT REPORT

The primary areas of activity of the companies of the Tallinna Kaubamaja Group include retail and wholesale trade.

### Management

In order to manage the Tallinna Kaubamaja 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 Tallinna Kaubamaja Group supervisory board are Jüri Kão (chairman of the supervisory board), Andres Järving, Enn Kunila, Gunnar Kraft and Meelis Milder. Members of Tallinna Kaubamaja 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 Tallinna Kaubamaja Group has one member. The term of office of the management board member Raul Puusepp was extended on 21 February 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 articles of association of the Tallinna Kaubamaja Group prescribe no greater majority requirement and the public limited company does not possess several classes of shares.

### Company's structure

The following companies belong to the Group as of March 31, 2021:

	Location	Shareholding as of 31.03.2021	Shareholding as of 31.12.2020
Selver AS	Estonia	100%	100%
Kulinaaria OÜ	Estonia	100%	100%
Kaubamaja AS	Estonia	100%	100%
Viking Security AS	Estonia	100%	100%
Tartu Kaubamaja Kinnisvara OÜ	Estonia	100%	100%
Tallinna Kaubamaja Kinnisvara AS	Estonia	100%	100%
TKM Lietuva UAB	Lithuania	100%	100%
SIA TKM Latvija	Latvia	100%	100%
TKM Auto OÜ	Estonia	100%	100%
KIA Auto AS	Estonia	100%	100%
KIA Auto UAB	Lithuania	100%	100%
Forum Auto SIA	Latvia	100%	100%
Verte Auto SIA	Latvia	100%	100%
Viking Motors AS	Estonia	100%	100%
OÜ TKM Beauty	Estonia	100%	100%
OÜ TKM Beauty Eesti	Estonia	100%	100%
AS TKM King	Estonia	100%	100%
TKM Finants AS	Estonia	100%	100%
Rävala Parkla AS	Estonia	50%	50%

There were no changes in the structure of enterprises during the reporting period.

Share market

Since 19 August 1997, the shares of Tallinna Kaubamaja Group have been listed in the main list of securities of the Tallinn Stock Exchange. Tallinna Kaubamaja Group has issued 40,729.2 thousand 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.

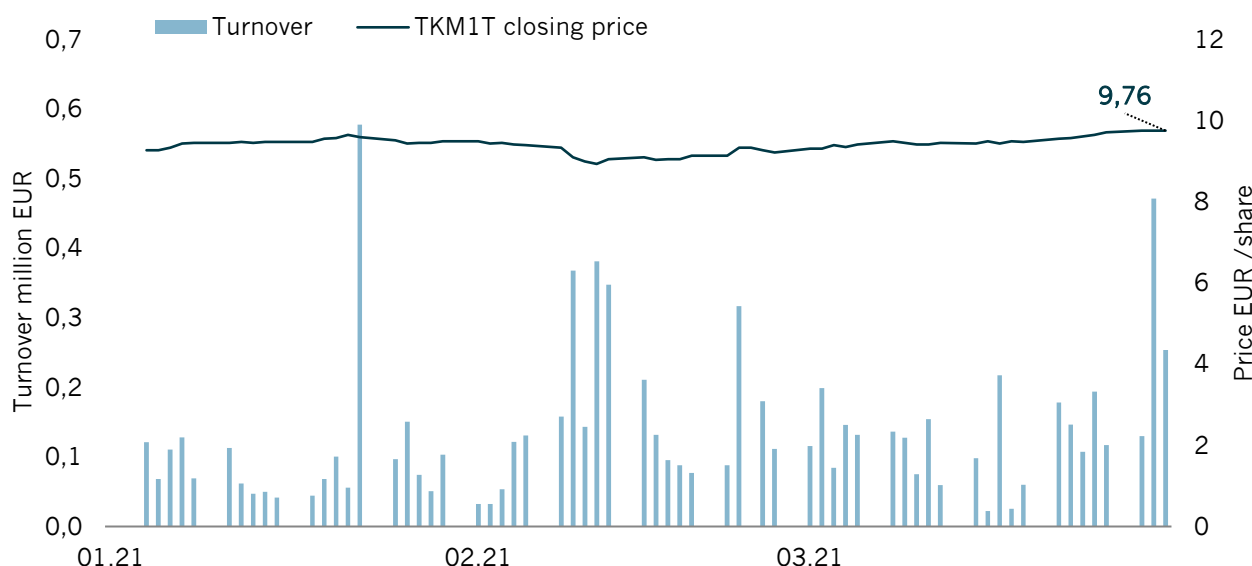
The members of the management board of Tallinna Kaubamaja Group have no right to issue or buy back shares. In addition, there are no commitments between the company and its employees providing for compensation in mergers and acquisitions under article 19' of Stock Market Trade Act.

The share with a price of 9.16 euros at the end of 2020 was closed in the end of March 2021 at the level of 9.76 euros, increased by 6.55% in three months.

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 31.03.2021.

In euros



	31.03.2021	31.03.2020
Average number of shares (1000 pcs)	40,729.2	40,729.2
Equity capital per share (EUR/share)	4.82	4.82
Share's closing price (EUR/share)	9.76	8.34
	1 <sup>st</sup> quarter 2021	1 <sup>st</sup> quarter 2020
Earnings per share (EUR/share)	-0.05	-0.04

Economic environment

In its second year, the coronavirus crisis shows no signs of fading, but estimates of its negative impact on the economy have eased somewhat. The projected fall of the GDP of at least 10% in 2020 was actually 2.9%. The decrease in accommodation and catering establishments as well as agriculture was large, but the decline in the value added of sectors with a significant volume in the domestic economy, such as construction and retail and wholesale trade, was not notable. Despite the economic downturn, Estonia's average gross wage increased by 2.9% in 2020. The largest decrease in the average wage was in retail and wholesale trade – almost 10%. According to Statistics Estonia, private consumers' expenditure on home furnishings, food, and communications increased, but less was spent on transport, clothing, and leisure. Consumer prices in Estonia increased by 0.6% in the first quarter of 2021. While the prices of food and non-alcoholic beverages remained unchanged, the prices of clothing and footwear decreased by 1.2%. In the first quarter of 2021, prices related to health care grew the fastest (3.4%).

According to Statistics Estonia, the sales revenue generated by commercial establishments in current prices increased by 2.4% in the first two months of 2021 in Estonia. The highest growth of sales revenue was in the retail sale via mail order houses or via Internet (47.3%). Sales revenue in non-specialised stores (primarily foodstuffs) grew by 1.2% in total in the first two months of the year. Sales revenue in the retail, wholesale, and repairs segment of motor vehicles and motorbikes decreased by 1.8%. According to Statistics Estonia, 7.7% less new passenger cars were registered in Estonia in the first two months of 2021 compared to the same period a year earlier. According to the preliminary data of the Baltic car market for the first quarter of 2021, 17% less new passenger cars were purchased in the Baltic States than in the same period a year earlier. Consumer confidence remains weak.

Economic results**FINANCIAL RATIOS 2020–2021**

	EUR		Change
	1 <sup>st</sup> quarter 2021	1 <sup>st</sup> quarter 2020	
Sales revenue (in millions)	190.8	175.5	8.7%
Operating profit (in millions)	3.2	4.7	-32.5%
Net loss (in millions)	-2.2	-1.7	24.8%
Return on equity (ROE)	-1.0%	-0.8%	
Return on assets (ROA)	-0.4%	-0.3%	
Net profit margin	-1.14%	-0.99%	
Gross profit margin	23.83%	23.63%	
Quick ratio	0.73	0.89	
Debt ratio	0.67	0.65	
Sales revenue per employee (in millions)	0.039	0.041	
Inventory turnover	1.71	1.63	
Earnings per share (EUR/share)	-0.05	-0.04	
Average number of employees	4,917	4,251	

*Return on equity (ROE)*

= Net profit / Average owners' equity \* 100%

*Return on assets (ROA)*

= Net profit / Average total assets \* 100%

*Sales revenue per employee*

= Sales revenue / Average number of employees

*Inventory turnover (multiplier)*

= Cost of goods sold / inventories

*Net profit margin*

= Net profit / Sales revenue \* 100%

*Gross profit margin*

= (Sales revenue - Cost of goods sold) / Sales revenue

*Quick ratio*

= Current assets / Current liabilities

*Debt ratio*

= Total liabilities / Balance sheet total

In the first quarter of 2021, the consolidated unaudited sales revenue of Tallinna Kaubamaja Grupp was 190.8 million euros. Compared to the first quarter of 2020, when comparable sales revenue was 175.5 million euros, the increase was 8.7%. The net loss for the reporting period was 2.2 million euros, which increased by 0.4 million euros compared to the first quarter of 2020. The pre-tax profit was 2.2 million euros, which was 1.9 million euros less than a year earlier.

Similarly to the previous year, the first quarter of 2021 ended with the closing of the points of sale of the footwear trade segment, the industrial goods departments of the Kaubamaja department store segment, and I.L.U. stores. This year, the closure took place earlier – on 11 March. Last year, industrial goods departments were closed on

27 March, so this year gave a correspondingly stronger blow to the seasonal sales of fashion goods. This time, the Group's e-shops were better prepared for the sharp increase in the volume of orders, although the growth in e-shop sales did not compensate for the decrease in sales revenue due to store closures. The Group's car trade segment was the least affected by the closures – the security of supply of the car brands sold by the Group made it possible to achieve good sales and profit numbers. The profit in the supermarket segment was most affected by the one-time expenses for the integration of the store chain acquired last year into Selver's supply chain and IT systems. The transfer was accompanied by a few days of store closures to change the equipment. The largest one-off costs were labour costs for the training of staff in the transferred stores. From March, the security services business acquired from P. DUSSMANN EESTI OÜ at the end of 2020 was integrated into the composition of the security company Viking Security AS, which is reported in the Group's Kaubamaja department store segment. Labour costs in the Group increased by a total of 14.3% in the first quarter. The number of employees increased by 15.7%, i.e. by almost 700 people. The increase in assets due to previous investments and the revaluation of material assets was accompanied by an increase in depreciation of 1.9 million euros. The increase in depreciation due to the standard of lease agreements accounted for almost half of this, mainly due to the stores added to the Selver segment last year. The total estimated negative impact of IFRS 16 on profit was 0.4 million euros.

In the first quarter of 2021, one of the most important major developments of the Group in recent years was completed – the new production building of the central kitchen of Kulinaaria OÜ, the renovation of the previous factory building, and the interconnection were completed. The most labour-intensive innovation 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. The upgrade of the e-shop software platform was started in the reporting quarter. This year, Selver plans to renovate or expand five stores and continue to develop and expand the service area of the e-shop service to be nationwide.

As at 31 March 2021, the volume of assets of Tallinna Kaubamaja Group was 598.1 million euros – an increase of 18.2 million euros or 4.1% compared to the results at the end of 2020 without the impact of IFRS 16.

There were more than 696 thousand loyal customers at the end of the reporting period; the number of loyal customers increased by 3.3% in a year. The proportion of loyal customers in the Group's turnover was 87.2% (86.4% in the first quarter of 2020). By the end of the first quarter, over 38.0 thousand Partner Bank and Credit Cards had been issued.

### Selver supermarkets

The consolidated sales revenue of the supermarket business segment in the first quarter of 2021 was 133.9 million euros, increasing by 13.2% compared to the previous year. The average monthly sales revenue per square metre of sales area in the first quarter of 2021 was 0.38 thousand euros, decreasing by 3.1% compared to the previous year. In terms of comparable stores, the sales revenue of goods per square metre of sales area was 0.39 thousand euros, remaining at the level of the previous year. In the first quarter of 2021, 9.5 million purchases were made from Selver stores, which is 2.8% more than in the comparable period a year earlier.

The consolidated pre-tax profit of the supermarket segment in the first quarter of 2021 was 1.5 million euros, which is 1.9 million euros less than in the previous year. The consolidated loss of the supermarket segment was 0.1 million euros, which is 1.3 million euros weaker than last year. The difference between the loss and profit before income tax is partly due to the income tax paid on dividends – in 2021; the income tax on dividends was 0.6 million euros lower than a year earlier.

From 1 June 2020, the results of the supermarket segment include the results of ABC Supermarkets.

Selver's comparison base for the first quarter is affected by the acquisition of the ABC Supermarkets store chain last year, which increased the number of Selver stores by 19. In February 2021, the sales activities of one store were terminated and at the end of the quarter, the sales activities will continue in the eighteen added stores. In addition, the comparability of the results is affected by the new Selver store opened in July 2020 and the renovation of one Selver store in the first quarter of the previous year, as well as the fact that last year was a leap year. Compared to the previous year, the sales volume of Selver's e-channel has tripled. The service area of e-Selver has been significantly expanded. By the end of the first quarter, e-Selver was represented in 13 counties, meaning that the e-Selver service is available to more than one million Estonians. E-Selver is the food and consumer goods chain with the largest service area in Estonia.

In the first quarter of this year, the transfer of the stores of the ABC Supermarkets chain 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 Delice stores and Solaris, the Delice Express service is now offered to customers – previously, these stores had self-service checkouts, but now customers can in addition conveniently make purchases with a scanner. This process involved a few days of store closures to change the equipment as well as one-off costs and investments.

The development of profit has been affected by the faster growth of labour costs, which is temporarily caused

by the integration of ABC Supermarket store processes 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 leaves of employees.

Like the Estonian economy as a whole, the Supermarket segment is affected by changes in customers' purchasing behaviour and consumption habits related to the coronavirus that began last year, as well as continued increases in the cost of personal protective equipment for customers and employees.

Selver plans to renovate or expand five stores this year and to further develop and expand the e-shop service to meet the persistently high demand.

As at the end of March, the Supermarket segment includes 70 Selver stores, 1 Delice store, Solaris Food Store, e-Selver mobile store and café, with a total sales area of 114.2 thousand m<sup>2</sup>, and the central kitchen Kulinaaria OÜ.

### Kaubamaja department stores

The sales revenue of the Kaubamaja department stores segment in the first 3 months of 2021 was 18.4 million euros, which was 13.1% less than in the same period of the previous year. The sales revenue of Kaubamaja department stores per square metre of sales area was 0.22 thousand euros per month in the first 3 months, which is 15.6% lower than in the same period last year. The pre-tax loss of Kaubamaja department stores in the first quarter of 2021 was 1.7 million euros, which was 0.7 million euros weaker than a year ago. The sales result of Kaubamaja department stores in the first quarter was affected by the sharp increase in coronavirus indicators in January, which is why the number of visitors in both Tallinn and Tartu Kaubamaja department stores decreased. Despite the modest sales of fashion goods, the sales of household goods showed success at the beginning of the year, and the *Kodu Aeg* (Time for Home) campaign at the beginning of February achieved the best results in recent years. Although the *Ilu Aeg* (Time for Beauty) campaign at the beginning of March also had a good start and gave hope for record results as well, the strict restrictions imposed by the Government of the Republic of Estonia on 11 March, which meant the closure of all industrial goods stores, had a profound negative effect on the campaign and all of March. As in the previous year, Kaubamaja department stores closed all departments of industrial goods in Tallinn and Tartu on 11 March (in 2020, they were closed on 27 March) and only food departments remained open. The Kaubamaja e-shop has grown strongly throughout the crisis period and has increased its results sixfold in terms of both turnover and number of visitors. The turnover of the Kaubamaja e-shop increased by 158% in the first quarter of 2021.

In the first quarter of 2021, the sales revenue of OÜ TKM Beauty Eesti, which operates the I.L.U. cosmetics stores, was 1.0 million euros, which was 9.7% less than in the same period in 2020. In the first quarter, the loss was 0.06 million euros, which increased by 12.6% compared to the comparable period of 2020. The result of the first quarter was negatively affected by consumers' caution when going to shopping centres due to the COVID-19 virus situation and the closure of stores in March. In the reporting quarter, the main focus in marketing and development activities was on supporting the e-shop, the results of which were strong as expected.

### Car trade

The sales revenue of the car trade segment in the first quarter of 2021 was 36.2 million euros. Sales revenue increased by 9.5% compared to the previous year. In the first three months of the year, 2,077 new vehicles were sold. In the first quarter of 2021, the Baltic car market decreased by 17%. In March, however, there was a light recovery in the market. The pre-tax profit of the segment for the first quarter of 2021 was 1.2 million euros, exceeding the profit for the comparable period of the previous year by 0.9 million euros. The strong result for the first quarter of 2021 can be attributed to the fact that there were no major delivery difficulties among the brands sold by the car trade segment of the Group. Profits were helped by the situation where new car inventories were not too high compared to market demand and there was no reason for additional discount campaigns.

### Footwear trade

The sales revenue of the footwear trade segment was 1.0 million euros in the first quarter of 2021, decreasing by 38.5% compared to the previous year. The loss for the first quarter was 0.6 million euros, which is 0.3 million euros better result than in the same period last year. Sales revenue in the first quarter was affected by a significant decrease in the number of store visitors due to declining consumer demand and government's recommendations to restrict movement in the conditions of the spread of COVID-19. In March, at the beginning of the spring season, all stores were closed. Only the newly opened e-shops remained operational, the results of which were as expected.



### Real estate

The sales revenue earned in the real estate segment outside the Group in the first quarter of 2021 was 1.2 million euros. Sales revenue decreased by 7.7% compared to the previous year. The pre-tax profit of the real estate segment in the first quarter of 2021 was 2.5 million euros. Compared to the reference period, profit decreased by 5.7%.

The decline in the segment's sales revenue and profit was again brought about by the restrictions imposed by the Government of the Republic to prevent the spread of the coronavirus, which meant the closure of shopping centres as of 11 March. Pharmacies, grocery stores, optician shops, pet stores, and sales points of telecommunications enterprises remained open in the centres. Service companies may continue to operate, ensuring a 25% occupancy requirement. Catering establishments are only open for selling food for takeaway. The restrictions have most affected the Tartu Kaubamaja department store, where the number of visitors to has decreased by almost 30% in the first quarter. The decrease in the number of visitors to Viimsi Shopping Centre was less than 20%. In addition to the decrease in sales revenue, the decrease in the segment's profit in the first quarter was caused by the increase in depreciation due to the revaluation of assets at the end of last year.

### Personnel

In the first quarter of 2021, the average number of employees in Tallinna Kaubamaja Group was 4,917 people, an increase of 15.7% compared to the same period in 2020, i.e. by almost 700 employees in connection with the acquisition of the ABC Supermarkets AS and security services business area from the P. DUSSMANN EESTI OÜ in 2020. Total labour costs (wages and social insurance contributions) in the first three months of 2021 were 20.8 million euros, a year-over-year growth of 14.3%. The monthly average salary costs per employee decreased 1.2% in comparison with the average salary of the first quarter of 2020.

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 expresses the relevant contracts with partners.



Raul Puusepp  
Chairman of the Management Board

Tallinn, 13 April 2021

## CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

The Chairman of the Management Board confirms the correctness and completeness of Tallinna Kaubamaja Grupp AS condensed consolidated interim financial statements (unaudited) for the period of first quarter of 2021 as set out on pages 11-32.

The Chairman of the Management Board confirms that:

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



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Raul Puusepp  
Chairman of the Management Board

Tallinn, 13 April 2021

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros

	Note	31.03.2021	31.12.2020
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	2	26,072	32,757
Trade and other receivables	3	15,774	15,894
Inventories	5	84,992	77,334
<b>Total current assets</b>		<b>126,838</b>	<b>125,985</b>
<b>Non-current assets</b>			
Long-term receivables and prepayments	8	323	335
Investments in associates	7	1,760	1,712
Investment property	9	60,408	60,347
Property, plant and equipment	10	388,462	388,757
Intangible assets	11	20,276	20,148
<b>Total non-current assets</b>		<b>471,229</b>	<b>471,299</b>
<b>TOTAL ASSETS</b>		<b>598,067</b>	<b>597,284</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Borrowings	12	51,657	49,402
Trade and other payables	13	122,936	102,841
<b>Total current liabilities</b>		<b>174,593</b>	<b>152,243</b>
<b>Non-current liabilities</b>			
Borrowings	12	222,394	217,349
Deferred tax liabilities	14	4,408	4,408
Provisions for other liabilities and charges		277	277
<b>Total non-current liabilities</b>		<b>227,079</b>	<b>222,034</b>
<b>TOTAL LIABILITIES</b>		<b>401,672</b>	<b>374,277</b>
<b>Equity</b>			
Share capital	15	16,292	16,292
Statutory reserve capital		2,603	2,603
Revaluation reserve		102,037	102,630
Currency translation differences		-149	-149
Retained earnings		75,612	101,631
<b>TOTAL EQUITY</b>		<b>196,395</b>	<b>223,007</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>598,067</b>	<b>597,284</b>

The notes presented on pages 16 to 32 form an integral part of these condensed consolidated interim financial statements.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In thousands of euros

	Note	3 months 2021	3 months 2020
Revenue	16	190,766	175,496
Other operating income		205	243
Cost of merchandise	5	-145,316	-134,030
Services expenses	17	-11,526	-10,534
Staff costs	18	-20,837	-18,233
Depreciation, amortisation and impairment losses	10, 11	-9,857	-7,991
Other expenses		-250	-231
<b>Operating profit</b>		<b>3,185</b>	<b>4,720</b>
Finance income		1	
Finance costs		-1,076	-697
Share of net profit of associates accounted for using the equity method	7	48	55
<b>Profit before tax</b>		<b>2,158</b>	<b>4,078</b>
Income tax expense	15	-4,333	-5,821
<b>NET LOSS FOR THE FINANCIAL YEAR</b>		<b>-2,175</b>	<b>-1,743</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>TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR</b>		<b>-2,175</b>	<b>-1,743</b>
Basic and diluted earnings per share (euros)	19	-0.05	-0.04

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

The notes presented on pages 16 to 32 form an integral part of these condensed consolidated interim financial statements.

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

In thousands of euros

	Note	3 months 2021	3 months 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net loss		-2,175	-1,743
Adjustments:			
Interest expense		1,076	697
Interest income		-1	
Depreciation, amortisation and impairment losses	10, 11	9,799	7,969
Loss on write-off property, plant and equipment	10	58	22
Profit on sale of property, plant and equipment	10	0	-12
Effect of equity method	7	-48	-55
Change in inventories		-7,718	-4,012
Change in receivables and prepayments related to operating activities		132	5,673
Change in liabilities and prepayments related to operating activities		-4,313	1,945
<b>TOTAL CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>-3,190</b>	<b>10,484</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	10	-4,523	-8,051
Proceeds from sale of property, plant and equipment	10	0	40
Purchase of investment property	9	-61	-83
Purchase of intangible assets	11	-125	-142
Business combinations	6,11	-120	0
Interest received		1	0
<b>TOTAL CASH FLOWS USED IN INVESTING ACTIVITIES</b>		<b>-4,828</b>	<b>-8,236</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings	12	625	15,221
Repayments of borrowings	12	-3,022	-5,541
Change in overdraft balance	12	9,096	4,326
Payments of principal of leases	12	-4,260	-3,945
Interest paid on lease liabilities	12	-722	-481
Interest paid		-384	-237
<b>TOTAL CASH FLOWS USED IN FINANCING ACTIVITIES</b>		<b>1,333</b>	<b>9,343</b>
<b>TOTAL CASH FLOWS</b>		<b>-6,685</b>	<b>11,591</b>
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	26,072	52,220
<b>Net change in cash and cash equivalents</b>		<b>-6,685</b>	<b>11,591</b>

The notes presented on pages 16 to 32 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 31.12.2019</b>	<b>16,292</b>	<b>2,603</b>	<b>93,496</b>	<b>-149</b>	<b>109,773</b>	<b>222,015</b>
Net loss for the reporting period	0	0	0	0	-1 743	-1 743
<b>Total comprehensive loss for the reporting period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1 743</b>	<b>-1 743</b>
Reclassification of depreciation of revalued land and buildings	0	0	-523	0	523	0
Dividends declared	0	0	0	0	-29 732	-29 732
<b>Total transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-29 732</b>	<b>-29 732</b>
<b>Balance as of 31.03.2020</b>	<b>16 292</b>	<b>2 603</b>	<b>92 973</b>	<b>-149</b>	<b>78 821</b>	<b>190 540</b>
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
<b>Total comprehensive income for the reporting period</b>	<b>0</b>	<b>0</b>	<b>11,225</b>	<b>0</b>	<b>19,499</b>	<b>30,724</b>
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
<b>Total transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-29,732</b>	<b>-29,732</b>
<b>Balance as of 31.12.2020</b>	<b>16,292</b>	<b>2,603</b>	<b>102,630</b>	<b>-149</b>	<b>101,631</b>	<b>223,007</b>
Net profit for the reporting period	0	0	0	0	-2,175	-2,175
<b>Total comprehensive income for the reporting period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-2,175</b>	<b>-2,175</b>
Reclassification of depreciation of revalued land and buildings	0	0	-593	0	593	0
Dividends declared	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 31.03.2021</b>	<b>16,292</b>	<b>2,603</b>	<b>102,037</b>	<b>-149</b>	<b>75,612</b>	<b>196,395</b>

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

The notes presented on pages 16 to 32 form an integral part of these consolidated interim financial statements.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM ACCOUNTS

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

#### General Information

Tallinna Kaubamaja Grupp AS ('the Company') and its subsidiaries (jointly 'Tallinna Kaubamaja Group' or 'the Group') are companies engaged in rendering services related to retail sale and rental activities in Estonia, Latvia and Lithuania. Tallinna Kaubamaja Grupp AS is a company registered on 18 October 1994 in the Republic of Estonia with the legal address of Kaubamaja 1, Tallinn. The shares of Tallinna Kaubamaja Grupp AS are listed on the NASDAQ Tallinn Stock Exchange. The majority shareholder of Tallinna Kaubamaja Grupp AS is OÜ NG Investeeringud (Note 28), the majority owner of which is NG Kapital OÜ. NG Kapital OÜ is an entity with ultimate control over Tallinna Kaubamaja Grupp AS.

#### Basis for Preparation

The Condensed Consolidated Interim Accounts of Tallinna Kaubamaja Group has been prepared in accordance with the International Financial Reporting Standard IAS 34 Interim Financial Reporting as adopted by the European Union. The condensed consolidated interim financial statements do not contain all the information that has to be presented in the annual financial statements and they should be read in conjunction with the Group's consolidated financial statements as at and for the year ended 31 December 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 first quarter 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.



**Note 2. Cash and cash equivalents**

in thousands of euros

	31.03.2021	31.12.2020
Cash on hand	971	1,034
Bank accounts	24,222	30,346
Cash in transit	879	1,377
<b>Total cash and cash equivalents</b>	<b>26,072</b>	<b>32,757</b>

**Note 3. Trade and other receivables**

in thousands of euros

	31.03.2021	31.12.2020
Trade receivables (Note 4)	12,554	14,196
Other receivables from related parties (Note 20)	0	3
Other short-term receivables	239	163
<b>Total financial assets from balance sheet line "Trade and other receivables"</b>	<b>12,793</b>	<b>14,362</b>
Prepayment for goods	2,234	598
Other prepaid expenses	689	893
Prepaid rental expenses	7	7
Prepaid taxes (Note 14)	51	34
<b>Total trade and other receivables</b>	<b>15,774</b>	<b>15,894</b>

**Note 4. Trade receivables**

in thousands of euros

	31.03.2021	31.12.2020
Trade receivables	10,564	11,313
Allowance for doubtful receivables	-12	-11
Receivables from related parties (Note 20)	670	319
Credit card payments (receivables)	1,332	2,575
<b>Total trade receivables</b>	<b>12,554</b>	<b>14,196</b>

**Note 5. Inventories**

in thousands of euros

	31.03.2021	31.12.2020
Goods purchased for resale	84,234	76,549
Raw materials and materials	758	785
<b>Total inventories</b>	<b>84,992</b>	<b>77,334</b>

## Tallinna Kaubamaja Grupp AS

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

in thousands of euros

	3 months 2021	3 months 2020
Write-down and write-off of inventories	2,959	2,297
Inventory stocktaking deficit	561	586
<b>Total materials and consumables used</b>	<b>3,520</b>	<b>2,883</b>

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

### Note 6. Subsidiaries

Tallinna Kaubamaja Group consists of:

Name	Location	Area of activity	Ownership 31.03.2021	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 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. AS Selver 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
<b>Total identifiable net assets</b>	<b>22,851</b>
Consideration of ownership interest	22,851
Paid for ownership interest in cash	14,910
Cash and cash equivalents in the acquired entity	-811
<b>Net outflow of cash – investing activities</b>	<b>-14,099</b>
<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.

With aim to provide our customers more convenient shopping experience, in 2020, it was decided to develop financial services that support retail business. Tallinna Kaubamaja Grupp AS intends to apply for an authorisation of a creditor to develop the financial service line of business and established TKM Finants AS, a subsidiary with a share capital of 50,000 euros belonging completely to the Group. According to the developed plan, after the Financial Supervision Authority has issued the relevant authorisation, 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 on its own 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
<b>Total identifiable net assets</b>	<b>120</b>
Consideration of ownership of assets	120
Cash and cash equivalents in the acquired business	120
<b>Net outflow of cash – investing activities</b>	<b>-120</b>

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

#### Note 7. Investments in associates

in thousands of euros

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.

	31.03.2021	31.12.2020
<b>Investment in the associate at the beginning of the year</b>	<b>1,712</b>	<b>1,721</b>
Profit for the reporting period under equity method	48	191
Dividends received	0	-200
<b>Investment in the associate at the end of the accounting period</b>	<b>1,760</b>	<b>1,712</b>

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

	31.03.2021	31.12.2020
Current assets	137	111
Property, plant and equipment	3,437	3,446
Current liabilities	54	133
Owners' equity	3,520	3,424
	3 months 2021	3 months 2020
Revenue	135	177
Net profit	96	110

#### Note 8. Long-term receivables and prepayments

in thousands of euros

	31.03.2021	31.12.2020
Prepaid rental expenses	257	269
Deferred tax asset	31	31
Other long-term receivables	35	35
<b>Total long-term trade and other receivables</b>	<b>323</b>	<b>335</b>

**Note 9. Investment property**

in thousands of euros

<b>Carrying value as at 31.12.2019</b>	<b>60,458</b>
Purchases and improvements	210
Disposal	-10
Net loss from fair value adjustment	-311
<b>Carrying value as at 31.12.2020</b>	<b>60,347</b>
Purchases and improvements	61
<b>Carrying value as at 31.03.2021</b>	<b>60,408</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 2021 year, renovation work was carried out for Tartu Kaubamaja in the amount of 61 thousand euros (2020: renovation work was carried out for Tartu Kaubamaja in the amount of 207 thousand euros and renovation work carried out for Viimsi Centre amounted to 3 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 reporting period in Latvia, the fair values of investment property increased in the amount of 172 thousand euros and decreased in the amount of 81 thousand euros.

No fair value change of investment property was identified in 2021.

**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
<b>31.12.2019</b>						
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
<b>Carrying value</b>	<b>174,465</b>	<b>99,126</b>	<b>13,181</b>	<b>14,160</b>	<b>18,260</b>	<b>319,192</b>
<b>Changes occurred in 2020</b>						
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
<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	408	0	910	1,472	1,733	4,523
Reclassification to inventory	0	0	-116	0	0	-116
Reclassification to property, plant and equipment from inventory	0	0	175	0	3	178
Write-offs	0	0	-24	-34	0	-58
Adjustment to right-of use assets	0	4,860	0	0	0	4,860
Depreciation	-1,554	-5,003	-1,400	-1,725	0	-9,682
<b>31.03.2021</b>						
Cost or revalued amount	186,739	181,319	52,618	50,247	33,820	504,743
Accumulated depreciation and impairment	-1,506	-39,113	-32,446	-33,936	-9,280	-116,281
<b>Carrying value</b>	<b>185,233</b>	<b>142,206</b>	<b>20,172</b>	<b>16,311</b>	<b>24,540</b>	<b>388,462</b>

The cost of investments for the 3 months of 2021 amounted to 4,648 thousand euros (including purchases of property, plant and equipment in the amount of 4,523 thousand euros and purchases of intangible assets amounted to 125 thousand euros).

The cost of purchases of property, plant and equipment made in reporting period in the supermarkets business segment was 3,866 thousand euros. In the reporting period, was completed transfer of Comarket stores under Selver trademark. 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. Continued construction of AS Selver subsidiary's Kulinaaria OÜ new production building and renovation of current production building. As a result, the production capacity will grow twice and machinery will be completely renewed.

The cost of purchases of property, plant and equipment in the business segment of department stores amounted to 385 thousand euros. In the reporting period, in Kaubamaja department stores renovation work were carried out. Tallinna Kaubamaja Beauty Department renewal was started and store fittings and computing technology was purchased.

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

The cost of purchases of property, plant and equipment in the real estate business segment amounted to 174 thousand euros.

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

## Note 11. Intangible assets

in thousands of euros

	Goodwill	Trademark	Beneficial agreements	Capitalised development expenditure	Total
<b>31.12.2019</b>					
Cost	3,260	3,688	0	2,170	9,118
Accumulated amortisation and impairment	0	-2,912	0	-1,216	-4,128
<b>Carrying value</b>	<b>3,260</b>	<b>776</b>	<b>0</b>	<b>954</b>	<b>4,990</b>
<b>Changes occurred in 2020</b>					
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
<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	125	125
Acquired through business combinations (Note 6)	0	0	120	0	120
Amortisation	0	-75	-1	-41	-117
<b>31.03.2021</b>					
Cost	16,869	5,599	120	3,074	25,662
Accumulated amortisation and impairment	0	-3,882	-1	-1,503	-5,386
<b>Carrying value</b>	<b>16,869</b>	<b>1,717</b>	<b>119</b>	<b>1,571</b>	<b>20,276</b>

In the reporting period, the Group capitalised costs of a web page update, loyalty card web page update, loyalty card in the amount of 125 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	31.03.2021	31.12.2020
Supermarkets	13,609	13,609
Car trade	3,156	3,156
Department store	104	104
<b>Total</b>	<b>16,869</b>	<b>16,869</b>

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

## Note 12. Borrowings

in thousands of euros	31.03.2021	31.12.2020
<b>Short-term borrowings</b>		
Overdraft	21,745	12,650
Bank loans	14,751	17,101
Lease liabilities	13,471	17,892
Other borrowings	1,690	1,759
<b>Total short-term borrowings</b>	<b>51,657</b>	<b>49,402</b>

in thousands of euros	31.03.2021	31.12.2020
<b>Long-term borrowings</b>		
Bank loans	86,150	86,150
Lease liabilities	133,407	128,386
Other borrowings	2,837	2,813
<b>Total long-term borrowings</b>	<b>222,394</b>	<b>217,349</b>
<b>Total borrowings</b>	<b>274,051</b>	<b>266,751</b>

Borrowings received in thousands of euros	3 months 2021	3 months 2020
Overdraft	9,096	4,326
Bank loans	0	14,684
Other borrowings	625	537
<b>Total borrowings received</b>	<b>9,721</b>	<b>19,547</b>



**Borrowings paid**

in thousands of euros

	3 months 2021	3 months 2020
Bank loans	2,350	5,060
Lease liabilities	4,260	3,945
Other borrowings	672	481
<b>Total borrowings paid</b>	<b>7,282</b>	<b>9,486</b>

Bank loans are denominated in euros.

As of 31.03.2021, the repayment dates of bank loans are between 31.07.2021 and 05.02.2026 (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 01.10.2037. 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 1.62% (31.12.2020: 1.62%).

**Net debt reconciliation**

in thousands of euros

	31.03.2021	31.12.2020
Cash and cash equivalents (Note 2)	26,072	32,757
Short-term borrowings	-51,657	-49,402
Long-term borrowings	-222,394	-217,349
<b>Net debt</b>	<b>-247,979</b>	<b>-233,994</b>
Cash and cash equivalents (Note 2)	26,072	32,757
Gross debt – fixed interest rates	-154,044	-153,606
Gross debt – variable interest rates	-120,007	-113,145
<b>Net debt</b>	<b>-247,979</b>	<b>-233,994</b>

	Cash and cash equivalents	Overdraft	Borrowings	Lease liabilities	Total
<b>Net debt 31.12.2019</b>	<b>40,629</b>	<b>-17,140</b>	<b>-86,554</b>	<b>-100,630</b>	<b>-163,695</b>
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
<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)	-6,685	-9,095	2,779	4,982	-8,019
Interest accrued	0	0	-384	-722	-1,106
Revaluation of lease liabilities	0	0	0	-4,860	-4,860
<b>Net debt 31.03.2021</b>	<b>26,072</b>	<b>-21,745</b>	<b>-105,428</b>	<b>-146,878</b>	<b>-247,979</b>

**Note 13. Trade and other payables**

in thousands of euros

	31.03.2021	31.12.2020
Trade payables	66,763	73,139
Payables to related parties (Note 20)	4,694	5,585
Other accrued expenses	1,699	1,741
Prepayments by tenants	3,115	2,951
<b>Total financial liabilities from balance sheet line "Trade and other payables"</b>	<b>76,271</b>	<b>83,416</b>
Taxes payable (Note 14)	6,967	8,088
Dividends declared (Note 15)	24,438	0
Income tax liability on dividends (Note 15)	4,333	0
Employee payables	7,903	8,185
Prepayments	2,976	3,106
Short-term provisions*	48	46
<b>Total trade and other payables</b>	<b>122,936</b>	<b>102,841</b>

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

**Note 14. Taxes**

in thousands of euros

	31.03.2021		31.12.2020	
	Prepaid taxes	Taxes payable	Prepaid taxes	Taxes payable
Prepaid taxes	51	0	34	0
Value added tax	0	2,134	0	3,167
Personal income tax	0	1,245	0	1,210
Social security taxes	0	3,200	0	3,268
Corporate income tax	0	23	0	74
Unemployment insurance	0	208	0	216
Mandatory funded pension	0	157	0	153
<b>Total taxes</b>	<b>51</b>	<b>6,967</b>	<b>34</b>	<b>8,088</b>

As of 31.03.2021 deferred tax liability on dividends in the amount of 4,408 thousand euros (31.12.2020: 4,408 thousand euros) is recorded in the balance sheet.

**Note 15. Share capital**

As of 31.03.2021 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 declared to the shareholders in the amount of 24,438 thousand euros, or 0.6 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 security 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

<b>3 months 2021</b>	<b>Super markets</b>	<b>Department store</b>	<b>Car trade</b>	<b>Foot-wear trade</b>	<b>Real estate</b>	<b>Inter-segment transactions</b>	<b>Impact of lease accounting</b>	<b>Total segments</b>
<b>External revenue</b>	<b>133,916</b>	<b>18,374</b>	<b>36,222</b>	<b>1,009</b>	<b>1,245</b>	<b>0</b>	<b>0</b>	<b>190,766</b>
Inter-segment revenue	243	2,542	141	15	3,528	-6,469	0	0
Total revenue	134,159	20,916	36,363	1,024	4,773	-6,469	0	190,766
<b>EBITDA</b>	<b>4,420</b>	<b>-1,109</b>	<b>1,468</b>	<b>-520</b>	<b>3,801</b>	<b>0</b>	<b>4,982</b>	<b>13,042</b>
Segment depreciation and impairment losses	-2,868	-601	-160	-74	-1,151	0	-5,003	-9,857
<b>Operating profit/loss</b>	<b>1,552</b>	<b>-1,710</b>	<b>1,308</b>	<b>-594</b>	<b>2,650</b>	<b>0</b>	<b>-21</b>	<b>3,185</b>
Finance income	75	135	0	0	62	-271	0	1
Finance income on shares of associates (Note 7)	0	48	0	0	0	0	0	48
Finance costs	-158	-138	-109	-26	-194	271	-722	-1,076
Income tax	-1,542	-431	-278	0	-2,082	0	0	-4,333
<b>Net profit/loss</b>	<b>-73</b>	<b>-2,096</b>	<b>921</b>	<b>-620</b>	<b>436</b>	<b>0</b>	<b>-743</b>	<b>-2,175</b>
incl. in Estonia	-73	-2,096	959	-620	436	0	-743	-2,137
incl. in Latvia	0	0	-31	0	12	0	0	-19
incl. in Lithuania	0	0	-7	0	-12	0	0	-19
<b>Segment assets</b>	<b>137,927</b>	<b>87,530</b>	<b>41,881</b>	<b>5,148</b>	<b>287,480</b>	<b>-104,105</b>	<b>142,206</b>	<b>598,067</b>
<b>Segment liabilities</b>	<b>116,625</b>	<b>84,705</b>	<b>31,983</b>	<b>7,426</b>	<b>93,021</b>	<b>-78,966</b>	<b>146,878</b>	<b>401,672</b>
Segment investments in property, plant and equipment (Note 10)	3,866	385	98	0	174	0	0	4,523
Segment investments in intangible assets (Note 11)	0	125	0	0	0	0	0	125

in thousands of euros

3 months 2020	Super markets	Department store	Car trade	Foot-wear trade	Real estate	Inter-segment transactions	Impact of lease accounting	Total segments
<b>External revenue</b>	<b>118,297</b>	<b>21,144</b>	<b>33,066</b>	<b>1,640</b>	<b>1,349</b>	<b>0</b>	<b>0</b>	<b>175,496</b>
Inter-segment revenue	303	1,932	108	8	3,507	-5,858	0	0
Total revenue	118,600	23,076	33,174	1,648	4,856	-5,858	0	175,496
<b>EBITDA</b>	<b>5,144</b>	<b>-423</b>	<b>465</b>	<b>-786</b>	<b>3,885</b>	<b>0</b>	<b>4,426</b>	<b>12,711</b>
Segment depreciation and impairment losses	-1,808	-625	-99	-128	-1,057	0	-4,274	-7,991
<b>Operating profit/loss</b>	<b>3,336</b>	<b>-1,048</b>	<b>366</b>	<b>-914</b>	<b>2,828</b>	<b>0</b>	<b>152</b>	<b>4,720</b>
Finance income	75	137	0	0	19	-231	0	0
Finance income on shares of associates (Note 7)	0	55	0	0	0	0	0	55
Finance costs	-45	-95	-96	-33	-178	231	-481	-697
Income tax	-2,105	-617	-616	0	-2,483	0	0	-5,821
<b>Net profit/loss</b>	<b>1,261</b>	<b>-1,568</b>	<b>-346</b>	<b>-947</b>	<b>186</b>	<b>0</b>	<b>-329</b>	<b>-1,743</b>
incl. in Estonia	1,261	-1,568	-99	-947	199	0	-329	-1,483
incl. in Latvia	0	0	-208	0	-1	0	0	-209
incl. in Lithuania	0	0	-39	0	-12	0	0	-51
<b>Segment assets</b>	<b>100,914</b>	<b>70,967</b>	<b>42,564</b>	<b>5,451</b>	<b>284,728</b>	<b>-66,918</b>	<b>121,106</b>	<b>558,812</b>
<b>Segment liabilities</b>	<b>77,804</b>	<b>69,391</b>	<b>31,964</b>	<b>10,705</b>	<b>96,527</b>	<b>-46,878</b>	<b>122,938</b>	<b>362,451</b>
Segment investments in property, plant and equipment (Note 10)	6,286	802	789	9	165	0	0	8,051
Segment investments in intangible assets (Note 11)	0	142	0	0	0	0	0	142

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

in thousands of euros

	3 months 2021	3 months 2020
Retail revenue	173,690	160,775
Wholesale revenue	9,037	8,027
Rental income	2,352	2,373
Revenue for rendering services	5,687	4,321
<b>Total revenue</b>	<b>190,766</b>	<b>175,496</b>

## External revenue by client location

in thousands of euros

	3 months 2021	3 months 2020
Estonia	177,257	162,027
Latvia	10,297	10,405
Lithuania	3,212	3,064
<b>Total</b>	<b>190,766</b>	<b>175,496</b>

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

in thousands of euros

	31.03.2021	31.12.2020
Estonia	434,631	434,491
Latvia	32,719	32,981
Lithuania	2,119	2,115
<b>Total</b>	<b>469,469</b>	<b>469,587</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

	3 months 2021	3 months 2020
Rental expenses	126	76
Heat and electricity expenses	2,481	2,024
Expenses related to premises	1,766	1,782
Cost of services and materials related to sales	1,992	1,623
Marketing expenses	1,796	2,051
Other operating expenses	1,190	1,102
Computer and communication costs	1,531	1,265
Expenses related to personnel	644	611
<b>Total other operating expenses</b>	<b>11,526</b>	<b>10,534</b>

## Note 18. Staff costs

in thousands of euros

	3 months 2021	3 months 2020
Wages and salaries	15,824	13,844
Social security taxes	5,013	4,389
<b>Total staff costs</b>	<b>20,837</b>	<b>18,233</b>
Average wages per employee per month (euros)	1,073	1,086
Average number of employees in the reporting period	4,917	4,251

**Note 19. Earnings per share**

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

	3 months 2021	3 months 2020
Net profit/loss (in thousands of euros)	-2,175	-1,743
Weighted average number of shares	40,729,200	40,729,200
<b>Basic and diluted earnings per share (euros)</b>	<b>-0.05</b>	<b>-0.04</b>

**Note 20. Related party transactions**

in thousands of euros

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

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

Parent company of Tallinna Kaubamaja Grupp AS is OÜ NG Investeeringud (Parent company), operating in Estonia. Majority shareholder of OÜ NG Investeeringud is NG Kapital OÜ, operating in Estonia. NG Kapital OÜ is the ultimate controlling party of Tallinna Kaubamaja Grupp AS.

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

	Purchases 3 months 2021	Sales 3 months 2021	Purchases 3 months 2020	Sales 3 months 2020
Parent	69	0	66	8
Entities in the Parent's consolidation group	7,161	1,035	6,632	531
Members of management and supervisory boards	0	2	0	50
Other related parties	7	2	128	3
<b>Total</b>	<b>7,237</b>	<b>1,039</b>	<b>6,826</b>	<b>592</b>

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

**Balances with related parties:**

	31.03.2021	31.12.2020
Receivables from entities in the in the Parent's consolidation group (Note 4)	670	319
Members of management and supervisory boards (Note 3)	0	3
<b>Total receivables from related parties</b>	<b>670</b>	<b>322</b>

	31.03.2021	31.12.2020
Parent	21	19
Entities in the Parent's consolidation group	4,669	5,546
Other related parties	4	20
<b>Total liabilities to related parties (Note 13)</b>	<b>4,694</b>	<b>5,585</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 2021 three months, 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 March 2021 and 31 December 2020, Tallinna Kaubamaja Grupp AS had not deposited any funds through head group and had not used available funds of head group. 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 878 thousand euros (2020 3 months: 968 thousand euros). Short-term benefits to supervisory boards' members of the Group in reporting period including social taxes amounted to 168 thousand euros (2020 3 months: 168 thousand euros).

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