

TALLINNA KAUBAMAJA GRUPP AS

Consolidated Interim Report for
the Third quarter and first 9 months of 2021
(unaudited)

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COMPANY PROFILE AND CONTACT DETAILS

The primary areas of activity of the companies of the Tallinna Kaubamaja Grupp AS (hereinafter referred to as the 'Tallinna Kaubamaja Group' or 'the Group') include retail and wholesale trade and rental activities. The Tallinna Kaubamaja Group employs more than 4,900 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:	30 September 2021
Auditor:	PricewaterhouseCoopers AS
Telephone:	372 667 3300
E-mail:	tkmgroup@kaubamaja.ee

MANAGEMENT REPORT

Management

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

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

Structure of the company

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

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

The following companies belong to the Group as of September 30, 2021:

	Location	Shareholding as of 30.09.2021	Shareholding as of 31.12.2020
Selver supermarkets			
Selver AS	Estonia	100%	100%
Kulinaaria OÜ	Estonia	100%	100%
Department stores			
Kaubamaja AS	Estonia	100%	100%
TKM Finants AS	Estonia	100%	100%
OÜ TKM Beauty	Estonia	100%	100%
OÜ TKM Beauty Eesti	Estonia	100%	100%
AS TKM King	Estonia	100%	100%
Rävala Parkla AS	Estonia	50%	50%

	Location	Shareholding as of 30.09.2021	Shareholding as of 31.12.2020
Car trade			
TKM Auto OÜ	Estonia	100%	100%
KIA Auto AS	Estonia	100%	100%
AS Viking Motors	Estonia	100%	100%
SIA Forum Auto	Latvia	100%	100%
Verte Auto SIA	Latvia	100%	100%
KIA Auto UAB	Lithuania	100%	100%
Security segment			
Viking Security AS	Estonia	100%	100%
Real estate			
Tallinna Kaubamaja Kinnisvara AS	Estonia	100%	100%
OÜ Tartu Kaubamaja Kinnisvara	Estonia	100%	100%
SIA TKM Latvija	Latvia	100%	100%
TKM Lietuva UAB	Lithuania	100%	100%

Change in the reporting of segments

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

Share market

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

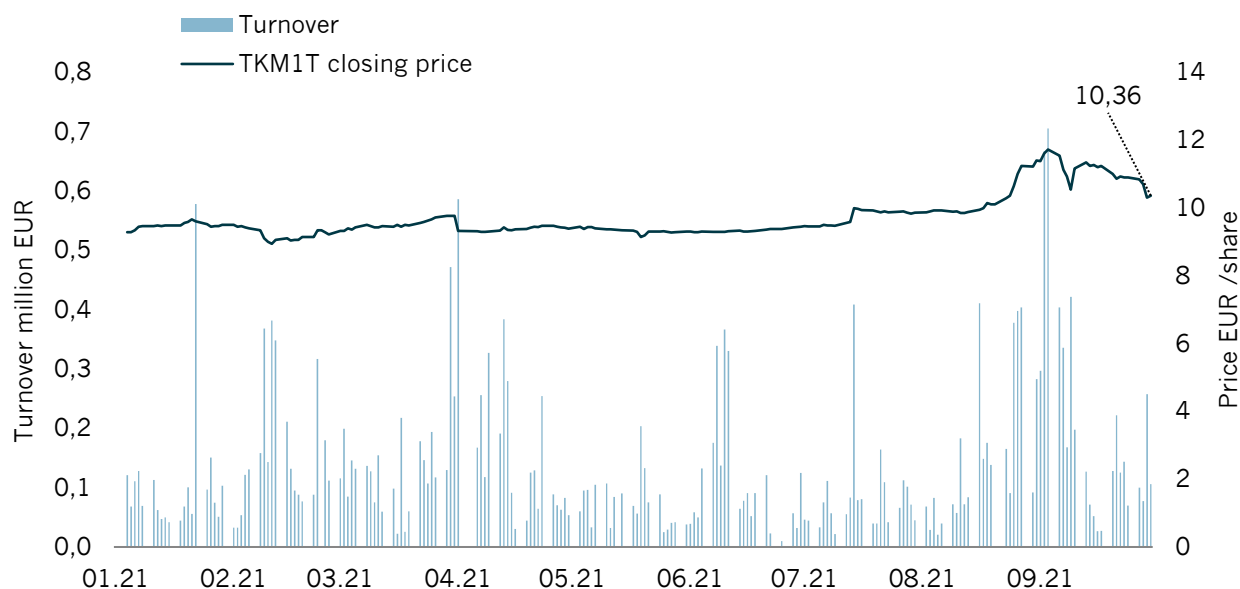
The members of the management board of the Group have no right to issue or buy back shares. In addition, there are no commitments between the company and its employees providing for compensation in mergers and acquisitions under article 19¹ of Stock Market Trade Act.

The share with a price of 9.16 euros at the end of 2020 was closed in the end of September 2021 at the level of 10.36 euros, increased by 13.1% in nine 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 Nasdaq Baltic from 01.01.2021 to 30.09.2021.

In euros



SHARE	Q3/21	Q3/20	9M/21	9M/20
Average number of shares (1000 pcs)	40,729.2	40,729.2	40,729.2	40,729.2
Equity capital per share (EUR/share)	5.37	5.15	5.37	5.15
Share's closing price (EUR/share)	10.36	8.26	10.36	8.26
Earnings per share (EUR/share)	0.31	0.18	0.50	0.28

Sustainable entrepreneurship

As of 1 September 2021, the Group has switched over to using green energy. This means that the electricity consumed on the commercial, warehouse, and production premises owned by the Group, which cover 183,243 square metres in total in Estonia and Latvia, is 100% generated from renewable energy sources. The Group has set itself a longer-term goal to align the ecological footprint of the Group's activities with the Paris Climate Agreement, and using renewable energy supports achieving this goal. In September, the Group started measuring its carbon footprint. The Group's carbon emissions from the reference year of 2015 to 2020 will be calculated in cooperation with the consultation company Sustinere OÜ. The energy audit of the entire Group, which was completed in August, provided an overview of the current situation, as well as inputs for future projects for further reduction of the energy consumption and carbon footprint through energy-efficient solutions.

The renovation works undertaken in the Beauty department and Food department of the Tallinn department store of Kaubamaja were completed in September. In addition to the modern furniture and fittings and many new trademarks, sustainability in the interior design and in the selection of materials was an important principle in the entire development process. The more durable materials with better cleaning properties, such as glass, artificial stone and metal, were selected in the development works. For the purposes of environmental protection, photoluminescent film is no longer used on advertising surfaces, and has been replaced by screens and fabrics. Sustainable solutions are also used for communication in the sales areas – paper-based adverts and information boards have largely been replaced by screens and some of the price labels in the Food department of Kaubamaja have been replaced by an electronic solution. In the third quarter, ten Selver stores switched over to using LED lights.

All of the largest companies included in the Group supported the vaccination campaign. A vaccination bus visited Kulinaaria and 10% of the employees of Kulinaaria took advantage of the opportunity to get vaccinated at work during the summer months. Selver handed out Partner gift cards to reward the people who got vaccinated in Lasnamäe, Narva, and Southern Estonia for taking care of their own health as well as the health of others. In October, Kaubamaja will offer its employees an opportunity to ask Dr Arkadi Popov, head of the

West Tallinn Central Hospital, about the health risks arising from getting vaccinated or foregoing the vaccination.

Summer is the time for events, and the events supported by the companies of the Group financially or in the form of advertising or handing out products included several large-scale events, such as the Saaremaa Opera Days, Sõru Jazz, Tuletorni Kontsert, Grillfest, Kapa Rock, Augustiunetus, Augustibluus, the ALternative street festival, and the Ülemiste Volleyball Festival.

Schoolchildren were also not left without attention. Selver handed out 1 litre of Selver ice cream to all children who started the first grade. In August, Kaubamaja helped to collect school supplies for the children of large Estonian families within the framework of the 'Kooli Aeg' campaign. The project in question, which has been received very well by the customers and has become a tradition, involves giving the customers an opportunity to purchase school supplies for the children of large families from the Kaubamaja department stores in Tallinn and Tartu and from the online store of Kaubamaja.

In terms of social projects, Selver also supported a camp for the victims of sexual violence. Kulinaaria continued its tight cooperation with the Astangu Vocational Rehabilitation Centre with an aim to increase the employment rate among the individuals with special needs and nine people from Astangu, in total, completed their internships at Kulinaaria in the summer period. Kulinaaria also commenced cooperation with the Food Bank in August and 485 kg of food has already been saved within the short period of time. Kia Auto helped the young Estonian rower Liisa-Marie Läänets to buy her own boat for training and for qualifying for the 2024 Summer Olympics.

Economic environment

The Estonian economy is rapidly recovering from the crisis. In the second quarter of 2021, the Estonian gross domestic product increased steeply by 12.9% compared to the second quarter in the previous year. According to Statistics Estonia, the primary reason for the fast economic growth is the very low reference base of last year, when Estonia was suffering from the emergency situation declared due to the coronavirus crisis. However, the economy has also grown compared to the pre-crisis second quarter of 2019. The processing industry and the transport and warehousing sectors recovered quickly in the second quarter of 2021, with the information and communications sector also growing rapidly. Trade also contributed to the economic growth. The accommodation and catering sectors, which were severely affected by the coronavirus-related restrictions, exhibited a fast growth, but still remained below the pre-crisis level. In the third quarter, the impact of the almost 1.3 billion euros from the pension savings which was injected into the consumption by the pension reform was clearly visible in the Estonian economy, supporting the growth in demand and especially the consumption of durable goods, but the entire impact of the reform remains unclear for now. According to the Bank of Estonia, the annual economic growth may reach 9.5%, in total. The consumer price index in Estonia grew by 3.1% in the first nine months, whereas the prices of food and non-alcoholic beverages rose by 0.9%, while the prices of clothing and footwear decreased by 0.4%. The increase in prices was led by the higher accommodation and transport expenses due to an increase in the prices of engine fuel and the electricity supplied to homes. According to the estimations of the Bank of Estonia, the average inflation in 2021 will be 3.6%, mainly due to the increase in energy prices. In comparison with the second quarter of the previous year, the average monthly gross wages increased by 7.3%, reaching 1,538 euros in the second quarter. The pace of recruitment of those employees who were released in the sectors which suffered due to the waves of the pandemic in other fields of activity has been slower than expected. Analysts predict a total increase in the average wage of at least 6.0–7.0% in 2021 in connection with the steep increase in labour deficiency which has accompanied the enlivening of the economy.

According to Statistics Estonia, the sales revenue generated by commercial establishments in current prices increased by 17.0% in the first eight months of 2021. After the spring movement restrictions caused by the virus, consumption boldly recovered in September, gaining further momentum from the pension savings paid out by the pension reform, which is not yet reflected in Statistics Estonia's eight-month statistics. In the first eight months of 2020, sales revenue decreased by 6.6%. The largest growth in sales revenue was unsurprisingly shown by retail sales via mail or the Internet (40.0%). Sales revenue in non-specialised stores (primarily foodstuffs) grew by 4.8% in total in the first eight months of the year. The retail, wholesale, and repairs segment of motor vehicles and motorbikes, which had suffered the greatest decline in the year before, increased by 27.8% in the first eight months of 2021. According to AMTEL, the registration of new vehicles in the first nine months of 2021 increased by 30.1% in Estonia. A year earlier, the Estonian car market had fallen by 34.4%. Thus, the market for new passenger cars in Estonia has now recovered close to the pre-crisis level.

Economic results

Financial ratios

In million EUR	Q3/21	Q3/20	Change %	9M/21	9M/20	Change %
Revenue	206.2	194.2	6.2%	604.1	540.7	11.7%
Selver supermarkets	142.5	134.5	5.9%	417.6	381.0	9.6%
Department stores	21.9	22.0	-0.4%	60.7	59.4	2.1%
Car trade	38.2	34.7	10.2%	116.2	92.5	25.6%
Security	2.2	1.5	42.3%	5.8	4.0	45.9%
Real estate	1.4	1.4	-2.9%	3.8	3.7	2.4%
<i>Gross profit margin%</i>	<i>26.83%</i>	<i>24.81%</i>	<i>8.2%</i>	<i>25.32%</i>	<i>24.34%</i>	<i>4.0%</i>
EBITDA	23.4	18.0	30.4%	57.1	45.4	25.9%
Selver supermarkets	10.6	7.0	51.2%	22.6	18.4	22.5%
Department stores	0.4	0.4	0.9%	0.7	-0.4	-263.2%
Car trade	2.7	1.3	108.2%	6.6	2.5	165.8%
Security	0.2	0.1	38.2%	0.3	0.2	42.1%
Real estate	4.4	4.1	6.7%	11.9	11.2	6.7%
IFRS 16	5.2	5.0	3.2%	15.0	13.5	11.7%
<i>margin</i>	<i>11.37%</i>	<i>9.26%</i>	<i>22.8%</i>	<i>9.46%</i>	<i>8.39%</i>	<i>12.7%</i>
Operating profit	13.9	8.6	61.7%	28.1	20.1	39.6%
<i>margin</i>	<i>6.73%</i>	<i>4.42%</i>	<i>52.3%</i>	<i>4.65%</i>	<i>3.72%</i>	<i>25.0%</i>
Net profit	12.6	7.4	69.1%	20.3	11.5	76.4%
<i>margin</i>	<i>6.10%</i>	<i>3.83%</i>	<i>59.3%</i>	<i>3.36%</i>	<i>2.13%</i>	<i>57.9%</i>
Earnings per share (EUR)	0.31	0.18	69.1%	0.50	0.28	76.4%

Key ratios	Q3/21	Q3/20	9M/21	9M/20
Return on equity (ROE)	5.9%	3.6%	9.6%	5.6%
Return on assets (ROA)	2.1%	1.3%	3.4%	2.0%
Quick ratio	0.88	0.99	0.88	0.99
Debt ratio	0.63	0.64	0.63	0.64
Inventory turnover (multiplier)	2.06	1.92	5.92	5.37
Sales revenue per employee (in million EUR)	0.042	0.041	0.123	0.121
Average number of employees	4,875	4,726	4,909	4,479

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 2021, the consolidated unaudited sales revenue of the Group was 206.2 million euros, which was 6.2% more than the sales revenue of the same period in 2020. The sales revenue in the nine months was 604.1 million euros, which was an 11.7% increase in comparison with the result of the first nine months of 2020, when the sales revenue was 540.7 million euros. In the third quarter of 2021, the Group's unaudited consolidated net profit was 12.6 million euros, which was 69.1% higher than the profit of the comparable period in the previous year. The Group's net profit of the first nine months of 2021 was 20.3 million euros, which was 76.4% higher than the result of the comparable period in the previous year. In the first nine months, the pre-tax profit was 24.6 million euros, increasing by 42.2% compared to the year before. Net profit was affected by the dividend payment, from which 4.3 million euros of income tax was calculated in the first quarter of 2021; 5.8 million euros of income tax was calculated a year before.

The sales result of the third quarter of 2021 was probably affected most by the favourable situation in the Estonian retail market. Those consumers, who had stayed away from stores during the coronavirus restrictions in spring, returned, and active use of the funds from the second pension pillar, which became available due to the pension reform in Estonia, increased the sales of durable goods explosively. The strong sales results of the Selver segment and the car segment in the third quarter also accelerated the growth of the Group's sales revenue. Fast-paced growth of the sales via online channels continued in the Selver and Kaubamaja department store segments even after the restrictions on movement were lifted. The major strategic investments made by the Group a year earlier in the growth of the supermarket segment's store network and the expansion of the central kitchen have paid off and enabled the successful growth of supermarket segment sales and gross revenue and increased margins. In the situation of a car deficit, the Group's car segment also managed to improve its sales margin. Along with the growth of the store network, maintenance and data communication costs increased at a comparable pace. Labour costs increased by 8.0% in the third quarter, while the number of employees increased by 3.1%.

The economic result of the first nine months of 2021 was affected by the restrictions established to prevent the spread of the coronavirus in the second quarter. Those mainly affected the stores of the Kaubamaja department store segment, with most of those stores closed for seven weeks. The fashion and industrial goods departments of the Kaubamaja department store segment, all I.L.U. stores, as well as the ABC King and SHU shoe stores were closed for visitors. Even though, based on an application submitted by the Group, the state covered the employees' remuneration and, within the framework of the entrepreneurship support package, the Group's operating expenditure in the extent of 1.6 million euros in total (in the year before, the amount of national aid for the operations reached 1.3 million euros), the Kaubamaja department store segment is still earning a loss over the nine months in total.

In the third quarter of this year, Selver renovated the Jaamamõisa store. In the Kaubamaja department store segment, the Beauty department and Food department of the Tallinn department store were renovated, with the Food department in Tallinn closed fully for the renovation works on 25 June and reopened in renovated form on 26 August. Both of the renovated sections have been accepted well by the customers. In September, the Group notified the stock exchange of the strategic decision to close the footwear business and to gradually close all ABC KING and SHU stores over the following year.

One of the most significant large-scale developments of the Group was finished in the first nine months of 2021 – the completion of the new production building of the central kitchen of Kulinaaria OÜ with the renovation of the previous factory and the connection of the two production buildings. The most extensive innovation in the first quarter was the transfer of stores operating under the Comarket brand to the Selver ABC brand and the integration of Comarket, Delice stores, and the Solaris Food Store with the Selver supply chain and IT systems. Updating the software platform of the Selver online stores also commenced in the first quarter and was fully completed by the end of the third quarter. As of 1 June 2021, the service area of the e-Selver online store service covers all of Estonia. With this expansion, Selver became the only online grocery store in Estonia which delivers goods to all counties of mainland Estonia in the entire extent. Selver has been very actively contributing to the development of e-commerce in the past six years to be a pioneer in online shopping. One update allows the customers of e-Selver to track the journeys of their orders on the map, which is updated at an interval of twenty seconds.

As at 30 September 2021, the volume of assets of Tallinna Kaubamaja Group was 598.2 million euros – a decrease of 4.6% compared to the results at the end of 2020 without the impact of IFRS 16.

At the end of the reporting period, the number of loyal customers was more than 701 thousand, which is 2.1% more than the year before. The proportion of loyal customers in the Group's turnover was 85.5% (in the first half of 2020, it was 86.5%).

Selver supermarkets

The consolidated sales revenue of the supermarket business segment in the nine months of 2021 was 417.6 million euros, increasing by 9.6% compared to the previous year. The consolidated sales revenue was 142.5

million euros in the third quarter of 2020, increasing by 5.9% 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 2021 was 0.39 thousand euros, exceeding the respective indicator in the year before by 1.8%. In the third quarter, the respective indicator was 0.41 thousand euros, which is 6.2% more than in the same period last year. The average sales revenue per square metre of selling space of comparable stores was 0.40 thousand euros in the first nine months and 0.41 thousand euros, on average, in the third quarter, growing by 2.1% and 4.6%, respectively, compared to the year before. In the nine months of 2021, 31.7 million purchases were made from the stores, which was 13.0% more than in the reference year.

In the third quarter of 2021, both the pre-tax profit and the net profit were 7.8 million euros, increasing by 3.4 million euros in comparison with the same period the year before. The consolidated pre-tax profit of the supermarkets segment in the nine months of 2021 was 14.2 million euros, increasing by 2.1 million euros in comparison with the previous year. The net profit of the nine months was 12.6 million euros, which is an increase of 2.7 million euros in comparison with the previous year. As of 1 June 2020, the results of the supermarket segment include the results of ABC Supermarkets.

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

Selver's result is affected by the acquisition of ABC Supermarkets in the second quarter of last year, which increased the number of Selver stores by nineteen new stores. In February 2021, the sales activities of one of the stores were terminated and at the end of the half-year, the sales activities will continue in the eighteen added stores. The comparability of the results is also affected by the new Selver store opened in July 2020 and by the renovation of one of the Selver stores in the reference period, the expansion of the sales area of two stores, and the impact of the leap year. Selver has renovated one store in the third quarter this year. The store was closed for customers for six weeks due to the renovation works.

Compared to the same period the year before, which included the significant increase in e-commerce, the number of orders received by e-Selver has almost doubled in the nine months. The service area of e-Selver has been expanded in several stages since the beginning of the year and since June, it covers the entire mainland Estonia, as well as the largest islands. The service area of e-Selver is the largest in Estonia and it was declared the most user-friendly online store in the category of groceries in 2021.

This year, the transfer of the stores operating under the Comarket brand to the Selver ABC brand was completed and IT software upgrades were made in the Delice store and Solaris Food Store. In the Delice and Solaris stores, the Delice Express service is now offered to customers – previously, these stores had self-service checkouts, but now, customers can make their purchases conveniently by using barcode scanners. The process bringing the stores together under one brand and the process of updating the IT software were accompanied by closing the stores for a few days for replacing the equipment, as well as by one-time expenses and investments. The work with the assortment of the stores operating under the Selver ABC trademark, as well as increasing the efficiency of the work processes including the entire Selver chain, has continued. In the third quarter, four smaller Selver stores were rebranded under the Selver ABC trademark. Investments have been made in the popular SelveEkspress service this year. Additional self-checkout tills have been added to the stores where the customers' interest in the service has significantly increased, and opening of the SelveEkspress service in the Selver ABC stores has begun. Expansion of the SelveEkspress service to the Selver ABC stores will also continue in the last quarter of the year.

The profit has been significantly affected by the good revenue, especially in the summer period, when the weather was warm, as well as the faster increase in labour costs, and the costs of the acquisition of ABC Supermarkets and bringing the stores under the Selver trademark. The lack of manpower in the labour market has resulted in wage pressure. A temporary increase in the labour costs was also caused by the integration of the processes of ABC Supermarket stores into the Selver solution, higher labour needs in the e-commerce segment, where the provision of the service is more resource-intensive compared to the physical store, and higher expenses to cover the increased sick days of employees. The profit has also been affected by the energy prices, which have occasionally risen several times above the normal levels.

Selver also plans to renovate another Selver store this year and to further develop the online store service to meet the persistently high demand. Active preparations continue in connection with the new Selver stores to be opened in 2022.

As at the end of September, the supermarket segment includes sixty-nine Selver stores, one Delice store, one Solaris Food Store, the e-Selver online store, the mobile store and café, with a total sales area of 114.6 thousand m², and the central kitchen Kulinaaria OÜ.

Department stores

The sales revenue of the Kaubamaja department stores segment in the nine months of 2021 was 60.7 million euros, which was 2.1% better than in the comparable period of the previous year. The sales revenue of the third quarter was 21.9 million euros, which remained 0.4% below the level of the previous year. The pre-tax loss of the Kaubamaja department store segment in the first nine months of 2021 was 1.0 million euros, which was 1.3 million euros better than the result of the previous year, when the loss amounted to 2.3 million euros. The pre-tax loss of for the third quarter was 0.1 million euros, which is 0.1 million euros better than in the same period last year.

The average sales revenue of the Kaubamaja department stores per square metre of selling space was 0.24 thousand euros per month in the nine months, which is 0.7% higher than in the same period last year. The sales result of the Kaubamaja department stores for the nine months was affected by the strict restrictions in spring, which resulted in the closure of all stores selling industrial goods. As in the previous year, the Kaubamaja department stores closed all departments of industrial goods in Tallinn and Tartu for seven weeks (in 2020, they were closed for six weeks). Only the grocery stores remained open. The fact, that the customers' demand for summer goods was, compared to the previous year, much higher after the reopening of the stores, was evident from the discount campaign in the summer, which proved very successful. The renovation of the Beauty department and Food department of the Tallinn department store had a negative impact on the operating profit of the Kaubamaja department store segment, with the Food department in Tallinn closed fully for the renovation works on 25 June and reopened in renovated form on 26 August. The opening campaign of the autumn season and 'Ilu Aeg' (the Time of Beauty campaign) in early September were most successful for a number of years, which shows, that the customers have accepted the renovated sections well.

In the third quarter of 2021, the sales revenue of OÜ TKM Beauty Eesti, which operates I.L.U. cosmetics stores, was 1.5 million euros, which is 17.4% more than in the same period of 2020. In the third quarter of 2021, profit was 0.1 million euros, which was 0.05 million euros more than during the comparable period in 2020. The sales revenue in the first nine months of 2021 was 3.5 million euros, which is 7.4% more than in the same period of 2020. In the first nine months of 2021, profit was 0.1 million euros, which was 0.04 million euros more than in the comparable period in 2020. The sales revenue in the third quarter was increased by successful marketing campaigns, the expansion of the sales areas of several stores at the expense of former hair studios, and the consumers' preparedness to visit physical stores in the light of the significantly improved pandemic situation. In the last month of the quarter, thanks to the funds released from the second pension pillar, there was an increase in more expensive impulse purchases.

The sales revenue of the shoe stores of TKM King AS, which is being reported under the Kaubamaja department store segment as of 1 April 2021, was 3.5 million euros in the nine months of 2021. In comparison with the previous year, the sales revenue decreased by 28.0% in the same period. In the third quarter, the sales revenue of the segment was 1.8 million euros, which is 7.3% less than during the same period in the year before. The loss of the nine months of 2021 was 0.8 million euros, which is an improvement of 0.6 million euros compared to the loss of the same period in 2020. The loss of the third quarter was 0.3 million euros, which is 0.1 million euros better than loss of the same period of 2020. In September, the Group notified the stock exchange of the strategic decision to close its footwear business. The Group intends to gradually close all ABC KING and SHU stores within the next year. Two ABC KING stores (Kristiine Centre, Port Artur 2), two SHU stores (Ülemiste Centre, Port Artur 2), and the outlet store in the Magistrali Centre were closed in the second quarter, which also had an impact on the sales revenue for the reporting period.

Car trade

The sales revenue of the car trade segment was 116.2 million euros in the first nine months of 2021. The sales revenue was 25.6% higher than the sales revenue in the same period the year before. The 38.2-million-euro sales revenue of the third quarter was 10.2% higher than the sales revenue in the third quarter of 2020. In the first nine months, a total of 4,887 new vehicles were sold, of which 1,581 were sold in the third quarter. The net profit of the segment in the first nine months of 2021 was 5.5 million euros, exceeding the profit for the same period of the year before by 4.4 million euros. The pre-tax profit of the segment for the first nine months of 2021 was 5.8 million euros, exceeding the profit for the same period in 2020 by 4.0 million euros. The pre-tax profit of the third quarter of 2021 was 2.4 million euros, which is 1.4 million euros more than the profit of the same period of the year before.

The improved market environment in the third quarter supported the customers' increasing interest in purchasing vehicles. The availability of the cars has turned out to be the key component of the sales success, as the deficiency of chips and other car components has been causing more or less severe delivery difficulties for car manufacturers for quite a while. The competent planning of the stocks in the car segment of the Group has enabled to continue to increase the sales figures. The volumes of the car maintenance services have been growing increasingly thanks to the increase in the number of car brands represented by the Group's car

segment. The increased demand has allowed to improve the sales margin and thereby also the profitability of the segment.

The Group is expecting to add several new important models to the selection in the near future, such as the new Kia Sportage, an update of the Kia Ceed model, an updated Škoda Kodiaq, the brand new Škoda Fabia, and Peugeot 308. Unfortunately, due to delivery issues, longer delivery times and longer waiting times in fulfilling orders can be predicted.

Security segment

The sales revenue earned in the security segment outside the Group was 5.8 million euros in the first nine months of 2021. The sales revenue of the nine months increased by 45.9% compared to the year before. The sales revenue in the third quarter was 2.2 million euros, which is 42.3% more than in the same period last year. The pre-tax profit of the security segment in the first nine months of 2021 was 0.1 million euros, remaining approximately at the same level compared to the previous year. The pre-tax profit of the segment in the third quarter was 0.1 million euros, which is 140.6% higher than in the same period in 2020.

All business areas showed good growth numbers. Profitability has also improved as a result of the investments and extensions in several areas of activity. The area of cash transport and fire safety services grew the fastest. Important emphasis will be placed on technological solutions and digitalisation in the following quarters. The labour market situation, which has a negative impact on both growth and margins, remains a major concern.

Real estate

The sales revenue earned in the real estate segment outside the Group was 3.8 million euros in the first nine months of 2021. The sales revenue increased by 2.4% compared to the same period last year. The sales revenue earned in the segment outside the Group was 1.4 million euros in the third quarter. During the reference period, sales revenue decreased by 2.9%. The pre-tax profit in the real estate segment outside the Group was 8.0 million euros in the first nine months of 2021. Compared to the reference period, the profit increased by 7.1%. The pre-tax profit earned in the segment was 3.1 million euros in the third quarter. The pre-tax profit increased by 7.2% in the reference period.

The drop in the sales revenue of the segment in the third quarter reflects with a delay the impact of the one-time lowering of the rent, which was granted to the tenants during the period of the restriction on visiting shopping centres in spring. The restrictions have had a more significant impact on the rental premises in central Tallinn. The Tartu Kaubamaja centre has recovered quickly from the restrictions, which were implemented to prevent the spread of the virus. The same applies to the Viimsi Centre, which was affected most by the restrictions imposed on leisure centres in the beginning of the year. The increase in the sales revenue and profit of the segment in the nine months were supported by renting commercial premises to an external party by the Latvian real estate company and by the sale of a registered immovable in Saare County.

Personnel

During the first nine months of 2021, the average number of employees at the Grupp was 4,909, growing by 9.6% in comparison with the same period in 2020, mainly due to the acquisition of the subsidiary ABC Supermarkets AS in May 2020. Total labour force expenses (salary expenses and social tax expenses) in the first nine months of 2021 were 62.8 million euros, which is 13.6% more than during the same period of 2020. In the third quarter, labour force costs increased by 8.0% in comparison with the year before, while the average number of employees increased by 3.1%. The average monthly salary costs per employee increased by 3.7% in the first nine month of the year compared to the average salary of the first nine months of 2020; in the third quarter, the increase was 4.7%.

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

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



Raul Puusepp
Chairman of the Management Board

Tallinn, 12 October 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 the third quarter and first 9 months of 2021 as set out on pages 14 - 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 2021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros

	Note	30.09.2021	31.12.2020
ASSETS			
Current assets			
Cash and cash equivalents	2	12,205	32,757
Trade and other receivables	3	16,613	15,894
Inventories	5	73,378	77,334
Total current assets		102,196	125,985
Non-current assets			
Long-term receivables and prepayments	8	373	335
Investments in associates	7	1,868	1,712
Investment property	9	60,550	60,347
Property, plant and equipment	10	412,993	388,757
Intangible assets	11	20,169	20,148
Total non-current assets		495,953	471,299
TOTAL ASSETS		598,149	597,284
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings	12	23,324	49,402
Trade and other payables	13	92,663	102,841
Total current liabilities		115,987	152,243
Non-current liabilities			
Borrowings	12	258,601	217,349
Deferred tax liabilities	14	4,408	4,408
Provisions for other liabilities and charges		278	277
Total non-current liabilities		263,287	222,034
TOTAL LIABILITIES		379,274	374,277
Equity			
Share capital	15	16,292	16,292
Statutory reserve capital		2,603	2,603
Revaluation reserve		100,852	102,630
Currency translation differences		-149	-149
Retained earnings		99,277	101,631
TOTAL EQUITY		218,875	223,007
TOTAL LIABILITIES AND EQUITY		598,149	597,284

The notes presented on pages 19 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 2021	III quarter 2020	9 months 2021	9 months 2020
Revenue	16	206,150	194,181	604,103	540,685
Other operating income		637	316	1,993	976
Cost of merchandise	5	-150,841	-146,012	-451,143	-409,104
Service expenses	17	-11,687	-11,216	-34,550	-31,362
Staff costs	18	-20,662	-19,139	-62,799	-55,285
Depreciation, amortisation and impairment losses	10,11	-9,559	-9,387	-29,031	-25,249
Other expenses		-158	-157	-467	-534
Operating profit		13,880	8,586	28,106	20,127
Finance income		0	1	2	1
Finance costs		-1,361	-1,204	-3,626	-2,967
Finance income on shares of associates accounted for using the equity method	7	59	57	156	171
Profit before tax		12,578	7,440	24,638	17,332
Income tax expense	15	0	-1	-4,333	-5,823
NET PROFIT FOR THE FINANCIAL YEAR		12,578	7,439	20,305	11,509
Other comprehensive income:					
<i>Items that will not be subsequently reclassified to profit or loss</i>					
Other comprehensive income for the financial year		0	0	0	0
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		12,578	7,439	20,305	11,509
Basic and diluted earnings per share (euros)	19	0.31	0.18	0.50	0.28

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

The notes presented on pages 19 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 2021	9 months 2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit		20,305	11,509
<i>Adjustments:</i>			
<i>Income tax on dividends</i>	15	4,333	5,821
<i>Interest expense</i>		3,626	2,967
<i>Interest income</i>		-2	-1
<i>Depreciation, amortisation</i>	10, 11	28,948	25,129
<i>Loss on write-off of non-current assets</i>	10	83	120
<i>Profit on sale of non-current assets</i>	10	-253	-19
<i>Effect of equity method</i>	7	-156	-171
Change in inventories		3,816	4,934
Change in receivables and prepayments related to operating activities		-756	2,611
Change in liabilities and prepayments related to operating activities		-10,179	-7,275
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		49,765	45,625
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	10	-16,209	-21,389
Proceeds from sale of property, plant and equipment	10	332	77
Purchase of investment property	9	-203	-193
Proceeds from sale of investment property	9	0	10
Purchase of intangible assets	11	-254	-623
Business combination	6	-120	-14,910
Cash acquired from business combination	6	0	811
Interest received		2	1
TOTAL CASH FLOWS USED IN INVESTING ACTIVITIES		-16,452	-36,216
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	12	6,217	38,963
Repayments of borrowings	12	-17,426	-14,626
Change in overdraft balance	12	2,301	-1,692
Payments of principal of leases	12	-12,531	-11,441
Interest paid on lease liabilities	12	-2,514	-2,024
Dividends paid	15	-24,437	-29,731
Income tax on dividends	15	-4,333	-5,821
Interest paid		-1,142	-966
TOTAL CASH FLOWS USED IN FINANCING ACTIVITIES		-53,865	-27,338
TOTAL CASH FLOWS		-20,552	-17,929
Effect of exchange rate changes		0	0
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	12,205	22,700
Net change in cash and cash equivalents		-20,552	-17,929

The notes presented on pages 19 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
Balance as of 31.12.2019	16,292	2,603	93,496	-149	109,773	222,015
Net loss for the reporting period	0	0	0	0	11,509	11,509
Total comprehensive loss for the reporting period	0	0	0	0	11,509	11,509
Reclassification of depreciation of revalued land and buildings	0	0	-1,569	0	1,569	0
Dividends paid	0	0	0	0	-29,732	-29,732
Total transactions with owners	0	0	0	0	-29,732	-29,732
Balance as of 30.09.2020	16,292	2,603	91,927	-149	93,119	203,792
Net profit for the reporting period	0	0	0	0	19,499	19,499
Revaluation of land and buildings	0	0	11,225	0	0	11,225
Total comprehensive income for the reporting period	0	0	11,225	0	19,499	30,724
Reclassification of depreciation of revalued land and buildings	0	0	-2,091	0	2,091	0
Dividends paid	0	0	0	0	-29,732	-29,732
Total transactions with owners	0	0	0	0	-29,732	-29,732
Balance as of 31.12.2020	16,292	2,603	102,630	-149	101,631	223,007
Net profit for the reporting period	0	0	0	0	20,305	20,305
Total comprehensive income for the reporting period	0	0	0	0	20,305	20,305
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
Total transactions with owners	0	0	0	0	-24,437	-24,437
Balance as of 30.09.2021	16,292	2,603	100,852	-149	99,277	218,875

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

The notes presented on pages 19 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 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 third quarter and first 9 months of 2021 gives a true and fair view of the Company's performance in accordance with the going-concern concept.

This Condensed Consolidated Interim Report has not been audited or otherwise reviewed by auditors.

Changes in presentation

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

Note 2. Cash and cash equivalents

in thousands of euros

	30.09.2021	31.12.2020
Cash on hand	997	1,034
Bank accounts	10,361	30,346
Cash in transit	847	1,377
Total cash and cash equivalents	12,205	32,757

Note 3. Trade and other receivables

in thousands of euros

	30.09.2021	31.12.2020
Trade receivables (Note 4)	13,712	14,196
Other receivables from related parties (Note 20)	0	3
Other short-term receivables	547	163
Total financial assets from balance sheet line "Trade and other receivables"	14,259	14,362
Prepayment for goods	1,304	598
Other prepaid expenses	991	893
Prepaid rental expenses	9	7
Prepaid taxes (Note 14)	50	34
Total trade and other receivables	16,613	15,894

Note 4. Trade receivables

in thousands of euros

	30.09.2021	31.12.2020
Trade receivables	11,875	11,313
Allowance for doubtful receivables	-52	-11
Receivables from related parties (Note 20)	408	319
Credit card payments	1,481	2,575
Total trade receivables	13,712	14,196

Note 5. Inventories

in thousands of euros

	30.09.2021	31.12.2020
Goods purchased for resale	72,686	76,549
Raw materials and materials	692	785
Total inventories	73,378	77,334

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

in thousands of euros

	III quarter 2021	III quarter 2020	9 months 2021	9 months 2020
Write-down and write-off of inventories	2,928	2,458	8,846	6,973
Inventory stocktaking deficit	610	514	2,056	2,075
Total materials and consumables used	3,538	2,972	10,902	9,048

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 30.09.2021	Year of acquisition or foundation
Selver AS	Estonia, Tallinn	Retail trade	100%	1995
Tallinna Kaubamaja Kinnisvara AS	Estonia, Tallinn	Real estate management	100%	1999
Tartu Kaubamaja Kinnisvara OÜ	Estonia, Tartu	Real estate management	100%	2004
SIA TKM Latvija	Latvia, Riga	Real estate management	100%	2006
TKM Auto OÜ	Estonia, Tallinn	Commercial and finance activities	100%	2007
KIA Auto AS	Estonia, Tallinn	Retail trade	100%	2007
Forum Auto SIA	Latvia, Riga	Retail trade	100%	2007
KIA Auto UAB	Lithuania, Vilnius	Retail trade	100%	2007
TKM Beauty OÜ	Estonia, Tallinn	Retail trade	100%	2007
TKM Beauty Eesti OÜ	Estonia, Tallinn	Retail trade	100%	2007
TKM King AS	Estonia, Tallinn	Retail trade	100%	2008
Kaubamaja AS	Estonia, Tallinn	Retail trade	100%	2012
Kulinaaria OÜ	Estonia, Tallinn	Centre kitchen activities	100%	2012
Viking Motors AS	Estonia, Tallinn	Retail trade	100%	2012
Viking Security AS	Estonia, Tallinn	Security activities	100%	2014
UAB TKM Lietuva	Lithuania, Vilnius	Real estate management	100%	2017
Verte Auto SIA	Latvia, Riga	Retail trade	100%	2017
TKM Finants AS	Estonia, Tallinn	Commercial and finance activities	100%	2020

Business combinations

Acquisitions in 2020:

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

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

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

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

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

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

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

With aim to provide our customers more convenient shopping experience, in 2020, it was decided to develop financial services that support retail business. In 2020, Tallinna Kaubamaja Grupp AS established TKM Finants AS, a subsidiary with a share capital of 50,000 euros belonging completely to the Group. 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 account.

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

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

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

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

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

Note 7. Investments in associates

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

in thousands of euros

	30.09.2021	31.12.2020
Investment in the associate at the beginning of the year	1,712	1,721
Profit for the reporting period under equity method	156	191
Dividends received	0	-200
Investment in the associate at the end of the accounting period	1,868	1,712

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

	30.09.2021		31.12.2020	
Current assets	329		111	
Non-current assets	3,418		3,446	
Current liabilities	10		133	
Owner's equity	3,737		3,424	
	III quarter 2021	III quarter 2020	9 months 2021	9 months 2020
Revenue	180	135	428	399
Net profit	118	119	313	347

Note 8. Long-term trade and other receivables

in thousands of euros

	30.09.2021	31.12.2020
Prepaid rental expenses	233	269
Deferred tax asset	31	31
Other receivables	109	35
Total long-term trade and other receivables	373	335

Note 9. Investment property

in thousands of euros

Carrying value as at 31.12.2019	60,458
Purchases and improvements	210
Disposal	-10
Net loss from fair value adjustment	-311
Carrying value as at 31.12.2020	60,347
Purchases and improvements	203
Carrying value as at 30.09.2021	60,550

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 Centre in the amount of 180 thousand euros and Viimsi Centre in the amount of 23 thousand euros (2020: for Tartu Kaubamaja Centre in the amount of 207 thousand euros and for Viimsi Centre in the amount of 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 2020 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
31.12.2019						
Cost or revalued amount	179,243	115,574	43,321	43,541	27,940	409,619
Accumulated depreciation and impairment	-4,778	-16,448	-30,140	-29,381	-9,680	-90,427
Carrying value	174,465	99,126	13,181	14,160	18,260	319,192
Changes occurred in 2020						
Purchases and improvements	3,730	0	10,837	6,672	6,315	27,554
Acquired through business combinations (Note 6)	249	0	2,109	530	8	2,896
Addition to right-of use assets	0	62,212	0	0	0	62,212
Reclassification among property, plant and equipment groups	1,889	0	0	0	-1,889	0
Reclassification from intangible assets (Note 11)	0	0	-499	1,068	-10	559
Reclassification to inventory	0	0	-485	0	0	-485
Reclassification to property, plant and equipment from inventory	0	0	485	0	6	491
Disposals	-4	0	-54	-1	0	-59
Write-offs	-38	0	-81	-170	0	-289
Termination of right-of use-assets	0	-920	0	0	0	-920
Decrease/increase in value through profit or loss	425	0	0	0	114	539
Increase in value through revaluation reserve	11,225	0	0	0	0	11,225
Depreciation	-5,562	-18,069	-4,866	-5,661	0	-34,158
31.12.2020						
Cost or revalued amount	186,379	176,459	51,760	49,562	32,084	496,244
Accumulated depreciation and impairment	0	-34,110	-31,133	-32,964	-9,280	-107,487
Carrying value	186,379	142,349	20,627	16,598	22,804	388,757
Changes occurred in 2021						
Purchases and improvements	3,696	0	7,080	4,422	1,011	16,209
Addition to right-of use assets	0	20	0	0	0	20
Reclassification among property, plant and equipment groups	-2	0	2	0	0	0
Reclassification to inventory	0	0	-158	0	0	-158
Reclassification to property, plant and equipment from inventory	0	0	294	0	4	298
Disposals	0	0	-1	0	-78	-79
Write-offs	0	0	-33	-50	0	-83
Termination of right-of use-assets	0	-919	0	0	0	-919
Adjustment to right-of use assets	0	37,543	0	0	0	37,543
Depreciation	-4,664	-14,999	-4,335	-4,597	0	-28,595
30.09.2021						
Cost or revalued amount	189,694	211,870	57,678	52,533	33,021	544,796
Accumulated depreciation and impairment	-4,285	-47,876	-34,202	-36,160	-9,280	-131,803
Carrying value	185,409	163,994	23,476	16,373	23,741	412,993

The cost of investments for the 9 months of 2021 amounted to 16,463 thousand euros (including purchases of property, plant and equipment in the amount of 16,209 thousand euros and purchases of intangible assets amounted to 254 thousand euros).

The cost of purchases of property, plant and equipment made in reporting period in the supermarkets business segment was 8,959 thousand euros. In the reporting period, was completed transfer of Comarket stores under Selver trademark. Tartu Jaamamõisa Selver was renovated. Computing technology for SelveEkspress self-

service cashers were purchased. New project of transition to digital price tags in Selver stores continued, also were renewed store fittings. New investments for Selver e-store were made in order to expand service availability in home delivery. Selver AS subsidiary's Kulinaaria OÜ opened new production building.

The cost of purchases of property, plant and equipment in the business segment of department stores amounted to 5,285 thousand euros. In the reporting period, Kaubamaja opened renewed Tallinna Kaubamaja Beauty Department and Food Department.

The cost of purchases of property, plant and equipment in the reporting period was 176 thousand euros in the car trade business segment.

The cost of purchases of property, plant and equipment in the reporting period was 93 thousand euros in the security business segment.

The cost of purchases of property, plant and equipment in the real estate business segment amounted to 1,696 thousand euros.

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

Note 11. Intangible assets

in thousands of euros

	Goodwill	Trademark	Beneficial agreements	Capitalised development expenditure	Total
31.12.2019					
Cost	3,260	3,688	0	2,170	9,118
Accumulated amortisation and impairment	0	-2,912	0	-1,216	-4,128
Carrying value	3,260	776	0	954	4,990
Changes occurred in 2020					
Purchases and improvements	0	0	0	787	787
Acquired through business combinations (Note 6)	13,609	1,911	0	639	16,159
Reclassification to property, plant and equipment (Note 13)	0	0	0	-559	-559
Amortisation	0	-895	0	-334	-1,229
31.12.2020					
Cost	16,869	5,599	0	2,956	25,424
Accumulated amortisation and impairment	0	-3,807	0	-1,469	-5,276
Carrying value	16,869	1,792	0	1,487	20,148
Changes occurred in 2021					
Purchases and improvements	0	0	0	254	254
Acquired through business combinations (Note 6)	0	0	120	0	120
Amortisation	0	-225	-10	-118	-353
30.09.2021					
Cost	16,869	5,599	120	3,202	25,790
Accumulated amortisation and impairment	0	-4,032	-10	-1,579	-5,621
Carrying value	16,869	1,567	110	1,623	20,169

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 254 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	30.09.2021	31.12.2020
Supermarkets	13,609	13,609
Car trade	3,156	3,156
Department store	104	104
Total	16,869	16,869

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

Note 12. Borrowings

in thousands of euros	30.09.2021	31.12.2020
Short-term borrowings		
Overdraft	14,950	12,650
Bank loans	2,350	17,101
Lease liabilities	4,263	17,892
Other borrowings	1,761	1,759
Total short-term borrowings	23,324	49,402

in thousands of euros	30.09.2021	31.12.2020
Long-term borrowings		
Bank loans	86,150	86,150
Lease liabilities	166,097	128,386
Other borrowings	6,354	2,813
Total long-term borrowings	258,601	217,349
Total borrowings	281,925	266,751

Borrowings received

in thousands of euros

	III quarter 2021	III quarter 2020	9 months 2021	9 months 2020
Overdraft	44	0	2,301	0
Bank loans	0	0	0	33,934
Other borrowings	719	1,148	6,217	5,029
Total borrowings received	763	1,148	8,518	38,963

Borrowings paid

in thousands of euros

	III quarter 2021	III quarter 2020	9 months 2021	9 months 2020
Overdraft	0	5,161	0	1,692
Bank loans	10,050	2,383	14,751	12,787
Lease liabilities	4,167	4,194	12,531	11,441
Other borrowings	1,033	977	2,675	1,839
Total borrowings paid	15,250	12,715	29,957	27,759

Bank loans are denominated in euros.

As of 30.09.2021, the repayment dates of bank loans are between 20.12.2021 and 15.06.2026 (31.12.2020: 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 1.43% (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

	30.09.2021	31.12.2020
Cash and cash equivalents (Note 2)	12,205	32,757
Short-term borrowings	-23,324	-49,402
Long-term borrowings	-258,601	-217,349
Net debt	-269,720	-233,994
Cash and cash equivalents (Note 2)	12,205	32,757
Gross debt – fixed interest rates	-177,245	-153,606
Gross debt – variable interest rates	-104,680	-113,145
Net debt	-269,720	-233,994

	Cash and cash equivalents	Overdraft	Borrowings	Lease liabilities	Total
Net debt 31.12.2019	40,629	-17,140	-86,554	-100,630	-163,695
Cash flow (principal and interest)	-7,872	4,490	-19,919	18,509	-4,792
Interest accrued	0	0	-1,350	-2,882	-4,232
New lease contracts	0	0	0	-62,212	-62,212
Termination of lease liabilities	0	0	0	937	937
Net debt 31.12.2020	32,757	-12,650	-107,823	-146,278	-233,994
Cash flow (principal and interest)	-20,552	-2,300	11,985	15,045	4,178
Interest accrued	0	0	-777	-2,514	-3,291
New lease contracts	0	0	0	-20	-20
Termination of lease liabilities	0	0	0	950	950
Revaluation of lease liabilities	0	0	0	-37,543	-37,543
Net debt 30.09.2021	12,205	-14,950	-96,615	-170,360	-269,720

Note 13. Trade and other payables

in thousands of euros

	30.09.2021	31.12.2020
Trade payables	65,385	73,139
Payables to related parties (Note 20)	4,597	5,585
Other accrued expenses	1,695	1,741
Prepayments by tenants	2,860	2,951
Total financial liabilities from balance sheet line "Trade and other payables"	74,537	83,416
Taxes payable (Note 14)	8,413	8,088
Employee payables	6,585	8,185
Prepayments	3,088	3,106
Short-term provisions*	40	46
Total trade and other payables	92,663	102,841

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

Note 14. Taxes

in thousands of euros

	30.09.2021		31.12.2020	
	Prepaid taxes	Taxes payable	Prepaid taxes	Taxes payable
Prepaid taxes	50	0	34	0
Value added tax	0	3,612	0	3,167
Personal income tax	0	1,273	0	1,210
Social security taxes	0	3,182	0	3,268
Corporate income tax	0	18	0	74
Unemployment insurance	0	213	0	216
Mandatory funded pension	0	115	0	153
Total taxes	50	8,413	34	8,088

As of 30.09.2021 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 30.09.2021 and 31.12.2020, the share capital in the amount of 16,292 thousand euros consisted of 40,729,200 ordinary shares with the nominal value of 0.40 euros per share. All shares issued have been paid for. According to the articles of association, the maximum allowed number of shares is 162,916,800 shares.

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

In 2020, dividends were paid to the shareholders in the amount of 29,731 thousand euros, or 0.73 euros per share. Related income tax expense on dividends amounted to 5,821 thousand euros.

Note 16. Segment reporting

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

The chief operating decision maker monitors the Group's operations by activities. With regard to areas of activity, the operating activities are monitored in the department stores, supermarkets, real estate, car trade, footwear trade, beauty products (I.L.U.) and security segments. The measures of I.L.U. and footwear segment are below the quantitative criteria of the reporting segment specified in IFRS 8; these segments have been aggregated with the department stores segment because they have similar economic characteristics and are similar in other respects specified in IFRS 8.

The main area of activity of department stores, supermarkets, footwear trade and car trade is retail trade. Supermarkets focus on the sale of food products and convenience goods, the department stores on the sale of beauty and fashion products, the car trade on the sale of cars and spare parts. Among the others, in the car trade segment, cars are sold at wholesale prices to authorised car dealers. The share of wholesale trade in other segments is insignificant. The real estate segment deals with the development, management and maintenance of real estate owned by the Group, and with the rental of commercial premises.

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

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

in thousands of euros

III quarter 2021	Super markets	Department store	Car trade	Security	Real estate	Inter-segment transactions	Impact of lease accounting	Total segments
External revenue	142,470	21,904	38,208	2,170	1,398	0	0	206,150
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
EBITDA	10,595	435	2,675	170	4,402	0	5,162	23,439
Segment depreciation and impairment losses	-2,708	-525	-168	-90	-1,149	0	-4,919	-9,559
Operating profit/loss	7,887	-90	2,507	80	3,253	0	243	13,880
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
Net profit/loss	7,810	-96	2,441	77	3,099	0	-753	12,578
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
Segment assets	139,220	75,926	38,703	3,896	269,769	-93,359	163,994	598,149
Segment liabilities	114,709	68,383	25,891	3,344	80,214	-83,627	170,360	379,274
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

III quarter 2020	Super markets	Department store	Car trade	Security	Real estate	Inter-segment transactions	Impact of lease accounting	Total segments
External revenue	134,534	21,996	34,686	1,525	1,440	0	0	194,181
Inter-segment revenue	252	809	44	1,487	3,534	-6,126	0	0
Total revenue	134,786	22,805	34,730	3,012	4,974	-6,126	0	194,181
EBITDA	7,005	431	1,285	123	4,126	0	5,003	17,973
Segment depreciation and impairment losses	-2,496	-666	-147	-87	-1,073	0	-4,918	-9,387
Operating profit/loss	4,509	-235	1,138	36	3,053	0	85	8,586
Finance income	77	146	0	0	76	-298	0	1
Finance income on shares of associates	0	57	0	0	0	0	0	57
Finance costs	-184	-160	-106	-4	-239	298	-809	-1,204
Income tax	0	0	-1	0	0	0	0	-1
Net profit/loss	4,402	-192	1,031	32	2,890	0	-724	7,439
incl. in Estonia	4,402	-192	1,004	32	2,869	0	-724	7,391
incl. in Latvia	0	0	-124	0	33	0	0	-91
incl. in Lithuania	0	0	151	0	-12	0	0	139
Segment assets	132,130	74,528	35,477	3,345	274,569	-89,435	145,917	576,531
Segment liabilities	112,727	63,377	26,504	2,633	92,294	-79,703	149,086	366,918
Segment investments in property, plant and equipment	5,386	784	127	68	58	0	0	6,423
Segment investments in intangible assets	8	207	0	0	0	0	0	215

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
External revenue	417,556	60,685	116,218	5,829	3,815	0	0	604,103
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
EBITDA	22,582	669	6,578	341	11,922	0	15,045	57,137
Segment depreciation and impairment losses	-8,171	-1,655	-494	-262	-3,450	0	-14,999	-29,031
Operating profit/loss	14,411	-986	6,084	79	8,472	0	46	28,106
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
Net profit/loss	12,608	-1,393	5,545	46	5,967	0	-2,468	20,305
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
Segment assets	139,220	75,926	38,703	3,896	269,769	-93,359	163,994	598,149
Segment liabilities	114,709	68,383	25,891	3,344	80,214	-83,627	170,360	379,274
Segment investments in property, plant and equipment (Note 10)	8,959	5,285	176	93	1,696	0	0	16,209
Segment investments in intangible assets (Note 11)	0	254	0	0	0	0	0	254

in thousands of euros

9 months 2020	Super markets	Department store	Car trade	Security	Real estate	Inter-segment transactions	Impact of lease accounting	Total segments
External revenue	380,989	59,437	92,538	3,994	3,727	0	0	540,685
Inter-segment revenue	915	2,446	390	4,474	9,985	-18,210	0	0
Total revenue	381,904	61,883	92,928	8,468	13,712	-18,210	0	540,685
EBITDA	18,434	-410	2,475	240	11,172	0	13,465	45,376
Segment depreciation and impairment losses	-6,288	-2,064	-362	-223	-3,190	0	-13,122	-25,249
Operating profit/loss	12,146	-2,474	2,113	17	7,982	0	343	20,127
Finance income	227	406	0	0	185	-817	0	1
Finance income on shares of associates (Note 7)	0	171	0	0	0	0	0	171
Finance costs	-354	-439	-309	-9	-649	817	-2,024	-2,967
Income tax	-2,105	-592	-618	-25	-2,483	0	0	-5,823
Net profit/loss	9,914	-2,928	1,186	-17	5,035	0	-1,681	11,509
incl. in Estonia	9,914	-2,928	1,523	-17	5,079	0	-1,681	11,890
incl. in Latvia	0	0	-560	0	-8	0	0	-568
incl. in Lithuania	0	0	223	0	-36	0	0	187
Segment assets	132,130	74,528	35,477	3,345	274,569	-89,435	145,917	576,531
Segment liabilities	112,727	63,377	26,504	2,633	92,294	-79,703	149,086	366,918
Segment investments in property, plant and equipment	17,204	1,038	1,732	968	447	0	0	21,389
Segment investments in intangible assets	21	587	15	0	0	0	0	623

External revenue according to types of goods and services sold

in thousands of euros

	III quarter 2021	III quarter 2020	9 months 2021	9 months 2020
Retail revenue	185,580	177,391	546,131	496,451
Wholesale revenue	9,654	7,846	29,734	20,967
Rental income	2,373	2,713	6,870	6,944
Revenue for rendering services	8,543	6,231	21,368	16,323
Total revenue	206,150	194,181	604,103	540,685

External revenue by client location

in thousands of euros

	III quarter 2021	III quarter 2020	9 months 2021	9 months 2020
Estonia	179,525	173,716	549,938	496,656
Latvia	20,243	15,582	38,465	33,438
Lithuania	6,382	4,883	15,700	10,591
Total	206,150	194,181	604,103	540,685

Distribution of non-current assets* by location of assets

in thousands of euros

	30.09.2021	31.12.2020
Estonia	459,591	434,491
Latvia	32,378	32,981
Lithuania	2,116	2,115
Total	494,085	469,587

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

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

Note 17. Services expenses

in thousands of euros

	III quarter 2021	III quarter 2020	9 months 2021	9 months 2020
Rental expenses	162	267	496	503
Heat and electricity expenses	2,234	1,954	6,782	5,865
Expenses related to premises	2,303	1,891	6,071	5,392
Cost of services and materials related to sales	1,814	1,851	5,710	4,975
Marketing expenses	1,826	2,181	5,625	5,543
Other operating expenses	965	1,103	3,039	3,324
Computer and communication costs	1,531	1,323	4,634	3,980
Expenses related to personnel	852	646	2,193	1,780
Total services expenses	11,687	11,216	34,550	31,362

Note 18. Staff costs

in thousands of euros

	III quarter 2021	III quarter 2020	9 months 2021	9 months 2020
Wages and salaries	15,696	14,532	47,697	41,958
Social security taxes	4,966	4,607	15,102	13,327
Total staff costs	20,662	19,139	62,799	55,285
Average wages per employee per month (euros)	1,073	1,025	1,080	1,041
Average number of employees in the reporting period	4,875	4,726	4,909	4,479

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 2021	III quarter 2020	9 months 2021	9 months 2020
Net profit (in thousands of euros)	12,578	7,439	20,305	11,509
Weighted average number of shares	40,729,200	40,729,200	40,729,200	40,729,200
Basic and diluted earnings per share (euros)	0.31	0.18	0.50	0.28

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 2021	Sales 9 months 2021	Purchases 9 months 2020	Sales 9 months 2020
Parent	236	3	1	0
Entities in the Parent's consolidation group	23,982	2,806	20,735	1,553
Members of management and supervisory boards	0	18	0	73
Other related parties	20	5	137	10
Total	24,238	2,832	20,873	1,636

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:

	30.09.2021	31.12.2020
Receivables from entities in the in the Parent's consolidation group (Note 4)	408	319
Members of management and supervisory boards (Note 3)	0	3
Total receivables from related parties	408	322
	30.09.2021	31.12.2020
Parent	21	19
Entities in the Parent's consolidation group	4,572	5,546
Other related parties	4	20
Total liabilities to related parties (Note 13)	4,597	5,585

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

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

For arranging funding for its subsidiaries, the Group uses the group account, the members of which are most of the Group's entities. In its turn, the Group as a subgroup is a member of the group account of NG 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 nine 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 30 September 2021 and 31 December 2020, Tallinna Kaubamaja Grupp AS had not deposited any funds through head group. In 2021 nine months Group has used available funds of head group in the amount of 5,000 thousand euros (2020: 0 euros) and paid interest 1 thousand euros (2020: 0 euros). According to the group account contract, the Group's members are jointly responsible for the unpaid amount to the bank.

Remuneration paid to the members of the Management and Supervisory Board

Short term benefits to the management boards' members of the Tallinna Kaubamaja Group for the reporting period including wages, social security taxes, bonuses and car expenses, amounted to 1,608 thousand euros (2020 9 months: 1,714 thousand euros). Short-term benefits to supervisory boards' members of the Group in reporting period including social taxes amounted to 505 thousand euros (2020 9 months: 485 thousand euros).

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