

TALLINNA KAUBAMAJA GRUPP AS

Consolidated Interim Report for
the Fourth quarter and 12 months of 2019
(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 4,200 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 2019
End of financial year:	31 December 2019
Beginning of interim report period:	1 January 2019
End of interim report period:	31 December 2019
Auditor:	PricewaterhouseCoopers AS
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MANAGEMENT REPORT

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

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 Kõo (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 Kõo, Enn Kunila, Meelis Milder and Gunnar Kraft will expire on 19 May 2021. 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 17 February 2017 and his term of office expires on 6 March 2020.

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.

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.

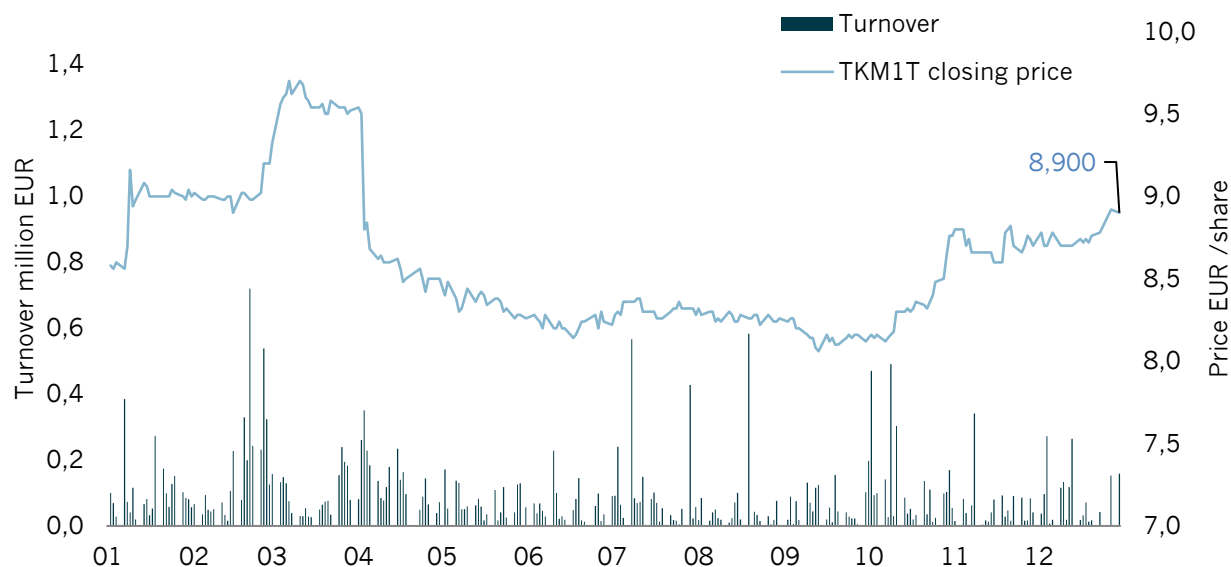
The members of the management board of Tallinna Kaubamaja Group have no right to issue or buy back shares. In addition, there are no commitments between the company and its employees providing for compensation in mergers and acquisitions under article 19' of Stock Market Trade Act.

The share with a price of 8.42 euros at the end of 2018 was closed in the end of 2019 at the level of 8.90 euros, increasing by 5.7% in a year.

According to the notice of regular annual general meeting of the shareholders published on 25 February 2019, the management board proposed to pay dividends 0.71 euros per share. The general meeting of shareholders approved it.

Share price and trading statistics on the Tallinn Stock Exchange from 01.01.2019 to 31.12.2019.

In euros



Company's structure

The following companies belong to the group as of December 31, 2019:

	Location	Shareholding as of 31.12.2019	Shareholding as of 31.12.2018
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%
Rävala Parkla AS	Estonia	50%	50%

Economic development

In contrast to the forecasts made by analysts, Estonia's gross domestic product showed a strong 4.2% growth in the third quarter of 2019 in comparison to the same quarter of the previous year. Compared to the previous periods, the contribution of construction activities to the growth of the GDP has decreased and the information and communication activities showed the greatest growth. The activities related to the supply of electricity, gas, steam, and conditioned air mainly put a break on the economic growth in the third quarter, a trend that has been present for several consecutive quarters. The slowdown of economic growth is still expected to be reflected in the annual results. According to the estimates of the Bank of Estonia, the annual economic growth is expected to be 3.4%. In Estonia, the consumer price index grew by 1.7% in the fourth quarter of 2019 and by 2.3% in a year. The price growth of foodstuffs and non-alcoholic beverages decreased in the fourth quarter and dropped to 2.7%; however, the indicator was 3.0% in the annual comparison. While the price growth of footwear and clothing accelerated in the second half of the year and was 0.9% in the fourth quarter, the annual price growth was 0.7% in this group of goods. In 2019, the prices related to free time increased most rapidly (5.8%). According to Statistics Estonia, the average gross wage grew by 8.2% in the third quarter of 2019 in the year-on-year comparison. According to the estimates of the Bank of Estonia, the growth of the average wage is expected to be 7.5% in 2019.

According to Statistics Estonia, the total sales revenue in current prices increased by 6.0% in the first eleven months of 2019 in Estonia. Maintenance and repair of motor vehicles showed the greatest growth for several consecutive months and increased by 14.7% in eleven months. According to the Estonian Association of Car Dealers and Service Companies (AMTEL), 26,589 new passenger vehicles were sold in Estonia in 2019, which is by 4.7% more than in 2018. Retail sales in non-specialised stores (primarily foodstuffs) grew by 5.8% in eleven months of the year. Retail sales in other non-specialised stores increased by 7.9%. Consumer confidence is upheld by the growth of wages and a record low unemployment rate.

Economic results

FINANCIAL RATIOS 2018–2019

	EUR		Change
	4 th quarter 2019	4 th quarter 2018	
Sales revenue (in millions)	192.6	182.4	5.6%
Operating profit/loss (in millions)	14.9	11.8	26.2%
Net profit/loss (in millions)	14.1	11.5	22.0%
Return on equity (ROE)	6.4%	5.4%	
Return on assets (ROA)	2.8%	2.9%	
Net profit margin	7.30%	6.32%	
Gross profit margin	26.08%	27.16%	
Quick ratio	1.00	1.13	
Debt ratio	0.56	0.45	
Sales revenue per employee (in millions)	0.046	0.043	
Inventory turnover	1.82	1.70	
SHARE			
Average number of shares (1000 pcs)	40,729	40,729	
Equity capital per share (EUR/share)	5.59	5.54	
Share's closing price (EUR/share)	8.900	8.420	
Earnings per share (EUR/share)	0.35	0.28	
Average number of employees	4,204	4,270	

	EUR		Change
	12 month 2019	12 month 2018	
Sales revenue (in millions)	717.2	681.2	5.3%
Operating profit/loss (in millions)	40.4	37.3	8.3%
Net profit/loss (in millions)	31.1	30.4	2.3%
Return on equity (ROE)	13.7%	14.0%	
Return on assets (ROA)	6.7%	7.5%	
Net profit margin	4.34%	4.47%	
Gross profit margin	25.35%	25.54%	
Quick ratio	1.00	1.13	
Debt ratio	0.56	0.45	
Sales revenue per employee (in millions)	0.168	0.159	
Inventory turnover	6.84	6.48	
SHARE			
Average number of shares (1000 pcs)	40,729	40,729	
Equity capital per share (EUR/share)	5.59	5.54	
Share's closing price (EUR/share)	8.900	8.420	
Earnings per share (EUR/share)	0.76	0.75	
Average number of employees	4,273	4,283	

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 fourth quarter of 2019, the unaudited consolidated sales revenue of Tallinna Kaubamaja Group was 192.6 million euros, exceeding the results of the previous year by 5.6%. The sales revenue of twelve months was 717.2 million euros, showing a growth of 5.3% compared to the result of 2018, when the comparable sales revenue was 681.2 million euros. In the fourth quarter of 2019, the Group's unaudited consolidated net profit was 14.1 million euros, which was 22.0% higher than the profit of the comparable period in the previous year. The Group's net profit was 31.1 million euros in 2019, which is 2.3% higher than the previous year. The pre-tax profit earned in twelve months was 37.7 million euros, showing a 2.5% increase compared to last year. The net profit was influenced by a dividend payment, on which income tax in the amount of 6.3 million euros was calculated in the first quarter of 2019, compared to the income tax of 6.7 million euros calculated a year earlier. Accounting for leases in compliance with IFRS 16 (Leases) was first introduced in 2019, which resulted in net profit reduction by 1.5 million euros.

The sales revenue growth slightly accelerated compared to the annual average in the last quarter of 2019. In the fourth quarter, the Group's car segment greatly contributed to the sales revenue (38.2%), driven by the sale of KIAs as well as the successful sale of Peugeots. In November, Verte Auto, the Latvian company belonging to the car trade segment, opened a completely new and fully functional showroom in Riga and started to sell Škodas, a suitable addition to the brand selection of the Group's car segment. The continued strong growth of 40% of e-stores compared to 2018 gives a reason to rejoice. In 2019, no new stores were opened in the supermarkets segment; however, two Selver stores were refurbished in the fourth quarter. Due to temporary closing of the stores for refurbishing, the quarterly growth number of supermarkets was lower compared to the previous quarters. One-off investments in developments intended to generate income in the future – the refurbishing of Selver stores in the supermarkets segment, opening a Škoda showroom in the car segment, and the development of the cash collection service in Viking Security in the department store segment – caused a slight decrease of the pre-tax profit in these segments compared to the period a year

earlier. In 2019, the supermarkets and the Kaubamaja department stores improved their gross profit margin, although redirecting the business model to more extensive fleet sales in the car segment, which has a significant weight in the Group's business, also influenced the margin on the Group's consolidated level. The labour costs of the Group increased by 8.0% in the year, keeping up with the growth of the average wage in Estonia.

In the fourth quarter, Pelgulinna and Jõhvi Selver underwent extensive renovations. The SelveEkspress service was made available in 52 Selver stores. The service area of e-Selver expanded twice in 2019 and by the end of 2019, the service covered the entire city of Tallinn and Harju County, Rapla and part of Rapla County, and the city of Pärnu and its close proximity. From the beginning of 2020, the e-Selver service is offered in Tartu, which has turned e-Selver into the e-store with the largest assortment of foodstuffs and the largest service area in Estonia. In addition, the aforementioned new fully functional Škoda showroom in Riga was completed. As an important development of the reporting period, the construction works of the Kulinaaria central kitchen production building in Tallinn are in progress. The completion of the new Kulinaaria production plant and the exchange of the business software of the central kitchen is planned for the first half of 2020. An additional plan is to renovate the older production building after the completion of the new building and the entire refurbished production complex should be finished by the end of 2020. With the extension of the production area, new products in the ready-to-eat food category are expected to be launched under the Estonians' beloved Selveri Köök trademark and new interesting pastry products under the Van Kook trademark. In 2019, the business software of real estate management and the footwear segment were renewed and the focus was on the improvement of user convenience of e-stores and speed of delivery. In the footwear segment, the SHU stores in Kristiine Keskus, Võru Kagukeskus, and Tartu Kaubamaja were renovated. In the first half of 2019, rearrangement of all the Group's food stores was undertaken to bring them into compliance with the amendment of law that restricted the visibility of displayed alcohol in stores.

More attention is paid to responsible and sustainable behaviour and promotion thereof in the companies of the Group. Special attention was paid in 2019 to reducing the use of packaging, especially plastic bags, in stores. During the year, more than 1 million less plastic bags have been circulated from the Group's stores than in 2018. In addition to reducing the amount of packaging, we also consider it important that the packaging in circulation is environmentally friendly, also preferably made from recycled materials. In 2020, Selver plans to replace existing food boxes with new, greener ones made from recycled and biodegradable materials in all 53 stores across Estonia.

At the end of the reporting period, the number of loyal customers exceeded 682,000, showing an annual growth of 1.2%. The share of purchases made by loyal customers accounted for 85.0% of the turnover of the Group (the indicator was 84.6% in the 2018). Over 34,000 Partner bank and credit cards had been issued by the end of 2019.

From 1 January 2019, the Group has applied the new mandatory financial reporting standard IFRS 16 (Leases) in lease cost accounting. Pursuant to the standard, leased assets and liabilities are recognised in the balance sheet at the present value of lease payments and the depreciation on the leased assets and estimated interest costs on lease liabilities in the income statement. As at 31 December 2019, the assets leased in accordance with IFRS 16 were recognised in the balance sheet of the Group in the present value of lease payments of 99,126 thousand euros and corresponding calculated liabilities of 100,630 thousand euros. The impact of IFRS 16 on the income statement is as follows:

in thousands of euros	4 th quarter 2019	12 month 2019
Decrease in other operating expenses	4,261	17,001
Increase in depreciation	-4,130	-16,474
Increase in operating profit	131	527
Calculated interest expense on lease liabilities	-508	-2,031
Total decrease in the net profit	-377	-1,504

As at 31 December 2019, the volume of assets of Tallinna Kaubamaja Group was 522.3 million euros, growing by 12.1 million euros, i.e. by 2.9%, compared to the end of 2018 if the influence of IFRS 16 is ignored.

Selver supermarkets

The consolidated sales revenue of the supermarkets segment was 469.4 million euros, increasing by 4.3%

in comparison with the same period last year. The consolidated sales revenue of the fourth quarter was 123.0 million euros, growing by 0.4% compared to the same period of the previous year. In 2019, the monthly average sales revenue from the sale of goods per a square metre of selling space was 0.40 thousand euros, maintaining the same level as in the last year. In the fourth quarter, the average sales revenue from the sale of goods per a square metre of selling space was 0.42 thousand euros, decreasing by one per cent year on year. In 2019, the sales revenue from the sale of goods per a square metre in comparable stores was 0.38 thousand euros and in the fourth quarter, 0.40 thousand euros on average, showing a respective growth of 1.7% and 0.5%. At Selter stores, 40.3 million purchases were made in 2019, exceeding the year-on-year result by 3.8%.

In the fourth quarter of 2019, the pre-tax profit of the supermarkets segment was 5.6 million euros, which is 3.0% lower than the result of the previous year. The consolidated pre-tax profit of the supermarkets segment was 18.1 million euros in 2019, which also marks a 3% decrease year on year. The net profit was 14.1 million euros, which is 0.4 million euros lower than the result of the previous year. The difference between net profit and pre-tax profit is due to income tax paid as dividends, i.e. income tax paid on dividends was 0.1 million euros lower in 2019 compared to the year earlier. The lower tax load on dividends is due to the amendment regulating the taxation of dividends, which allows applying a lower tax rate on one third of last year's dividends.

The temporary closing of two stores, Jõhvi Selter and Pelgulinna Selter, for refurbishing influenced the results of the fourth quarter and the year 2019. The comparison basis of the fourth quarter is partly lower by two stores that were added in the last quarter of 2018. The results of the sales of fresh foodstuffs as well as the more efficient management of stocks had a positive impact on the sales revenue. In the last quarter, the fear of consumers of catching a Listeria infection from fish products influenced the sales of fish products, which account for a large portion of consumers' basket of products, despite the fact that Selter purchases products that meet health requirements and both Selter and Kulinaaria constantly monitor the quality of goods on sale or moving through the production. Profit earning is influenced by the growth of sales revenue and more efficient management of goods. Investments have a positive impact, allowing cutting administrative costs and employees' working hours. To balance the decrease in the employees' working hours, their wages were adjusted. The results of the annual report were also influenced by the amendment of the Alcohol Act, due to which significant expenses were incurred during the rearrangement of sales floors, and one-time expenses made in the renovation of two stores.

E-commerce shows good results – the sales revenue grew by 34.7% in a year. The service area of e-Selter expanded twice in 2019. By the end of 2019, the service covered the entire city of Tallinn and Harju County, Rapla and part of Rapla County, and the city of Pärnu and its close proximity. In addition to the assortment of goods offered in regular Selter stores, e-Selter offers larger household appliances and other devices. From the beginning of 2020, the e-Selter service was introduced to cover Tartu and its close proximity. e-Selter is the e-store with the largest assortment of foods and the largest service area in Estonia.

In 2019, the SelveEkspress service was available in 52 Selter stores and it has been well accepted by customers. As at the end of the year, every second purchase in stores was made using SelveEkspress. Customers in Võru can start using the service of SelveEkspress in spring of this year when a new Selter will be opened in Võru Kagukeskus. Plans are in place to refurbish three Selter stores in 2020.

As at the end of year, the supermarkets segment includes the Selter store chain with 53 Selter stores, e-Selter, the mobile store, and the café with a total sales area of 101,000 m², and the central kitchen Kulinaaria OÜ. In 2020, Selter celebrates its 25th anniversary in business.

In 2019, Selter was a sponsor of the 27th Song Celebration and the 20th Dance Celebration 'My Fatherland is My Love'.

Selter placed second in a corporate image survey conducted by EMOR in 2019, beating all other food store chains.

Department stores

The Kaubamaja business segment earned a sales revenue of 102.8 million euros in 2019, which is 1.9% more than last year in the same period. The average sales revenue of the department stores in twelve months per a square metre of selling space was 0.3 thousand euros in a month, which was 2.7% higher than in the same period last year. The sales revenue of the Kaubamaja department stores generated in the fourth quarter was 32.0 million euros, which was 1.4% higher than the comparable result of last year. The e-store of Kaubamaja grew by 41.5% in a year. The pre-tax profit of the department stores was 3.5 million euros in 2019, which was 7.3% lower year on year. In the fourth quarter, the pre-tax profit of the department stores was 2.4 million euros, which result is 17.2% lower than the comparable period. In 2019, the sales results of the department stores were influenced by very successful larger campaigns. The Osturalli campaigns

organised in spring and autumn were the most successful of all time. The Ilu Aeg campaign carried out in the beginning of September brought the best results ever. Although the beginning of the autumn season in September was very positive, the expected winter weather did not appear in the last quarter and the warmer-than-average winter had a negative impact on the result of the fourth quarter of Kaubamaja. Still, the stores were better at managing inventories and growing the margin in 2019, which resulted in a positive effect on the total annual profit.

In the fourth quarter of 2019, the sales revenue of OÜ TKM Beauty Eesti, which operates the I.L.U. cosmetics stores, was 1.6 million euros, showing a growth of 4.5% compared to the same period in 2018. The profit was 0.07 million euros in the fourth quarter, which was 37.7% higher than the result earned in the comparable period of 2018. The sales revenue was 4.9 million euros in 2019, growing by 5.8% on the year-on-year basis. The loss earned was 0.13 million euros in 2019, which was 0.04 million euros lower than the loss earned in the comparable period of 2018. In 2019, the focus was on the launch of the e-store and on digital marketing. The brand identity was refreshed in connection with the 10th anniversary of I.L.U. stores.

Car trade

The sales revenue of the car trade segment was 130.4 million euros in 2019. The sales revenue exceeded the revenue earned last year by 13.4%, wherein the sales revenue generated by the sales of KIAs grew by 9.6% in a year. The sales revenue of 33.5 million euros earned in the fourth quarter exceeded the result of the previous year by 38.2%. The sales revenue of KIAs grew by 21.4% year on year and the sales of Peugeot cars increased almost by one third. In November, Škoda was added to the product portfolio as a new car brand; 42 Škoda cars were sold in the last two months of the year. In 2019, the Group's car trade segment sold 5,704 new vehicles, of which 1,353 were sold in the fourth quarter. The pre-tax profit of the car trade segment was 4.0 million euros in 2019, which is 9.2% lower than the profit earned a year earlier. The pre-tax profit of the fourth quarter of 2019 was 0.2 million euros, which was 0.4 million euros lower than the pre-tax profit earned in the fourth quarter of 2018.

In summary, the share of companies offering full service and short-term lease among the customers of new cars was clearly growing in 2019. This customer segment is mostly responsible for the fleet and wholesale transactions. This, in turn, translates into the growth of the number of vehicles sold, turnover, and market share; however, these sales decrease profit margin, which is clear from the results of the Group's car trade segment. Furthermore, the sales results of new Opel vehicles by Viking Motors in Tallinn worsened, showing a clear downward trend that has become obvious following the change in the importer of Opel vehicles. The changed business policy and strategy of the new importer has caused a continued decrease of the market share of Opel cars in the region and forced the Group's car segment to cease the sales of Opel passenger and commercial cars in future as an unprofitable business. The follow-up services for Opel vehicles will be provided in future.

The Group opened a completely new and fully functional Škoda showroom with another showroom specially built for the sale of used cars, which is one of a kind in Latvia, by Verte Auto, the Latvian subsidiary of the Group's car segment in the beginning of November 2019. The popularity of Škoda's vehicles among the customers of Baltic regions is well known and it is good to conclude that the Group's car segment successfully replaced the Opel brand with the Škoda brand, which shows a great potential.

In 2020, it is planned to rearrange the Opel showroom at Tammsaare tee 51 in Tallinn into a modern Peugeot sales and service centre compliant with all standards. Plans are in place to build a second car showroom in Latvia, which will become a mono-brand car centre for KIA vehicles. The Group's car trade plans for 2020 are supported by the new car models to be launched in 2020, which is expected to enjoy great success. The long-awaited new KIA Sorento, new models of Peugeot 208 and Peugeot 2008, the upgrades of Peugeot 3008 and 5008, as well as the new Škoda Octavia and the upgraded Škoda Superb will be launched.

Footwear trade

The sales revenue of the footwear trade segment was 8.9 million euros in 2019, showing a decrease of 9.6% compared to the previous year. The pre-tax loss of the segment was 1.2 million euros in 2019, growing by 0.8 million euros year on year. The sales revenue of the fourth quarter was 2.6 million euros, a growth of 0.1% compared to the sales revenue of the same period last year, which, for the first time, has put a stop on the declining turnover of the past three years. The pre-tax loss of the fourth quarter was 0.2 million euros, which is 0.2 million euros weaker compared with the result of the same period of the previous year. The net loss of the fourth quarter was 0.2 million euros. The result of the footwear trade segment in 2019 was affected by store repositioning plans and related business decisions, as well as the introduction of renewed business software and logistics service. In the beginning of 2019, a change was made in the company – the central

warehouse was closed and a new principle was applied to the logistics service. During the year, the SHU stores in Kristiine Keskus, Võru Kagukeskus, and Tartu Kaubamaja were renovated. The concepts of the assortment and sales environments of ABC KING and SHU were refreshed and a new visual identity of SHU was developed. In the second half of the year, a new business software system was introduced and the cash register systems were replaced in the stores. It is planned to continue with the renovation of stores in 2020 and implement the changes in the assortment and sales environment at stores developed in 2019.

Real estate

The sales revenue earned in the real estate segment outside the Group was 5.8 million euros in 2019. The sales revenue grew by 5.7% compared to last year. The sales revenue of the segment outside of the Group was 1.5 million euros in the fourth quarter, growing by 3.8% compared to the same period last year. The pre-tax profit of the real estate segment was 14.7 million euros in 2019. The profit grew by 43.3% year on year. The pre-tax profit of the segment was 6.6 million euros in the fourth quarter, which exceeded the result of the same period last year by 4.3 million euros. The Latvian real estate company that leased the commercial space to a party outside of the Group influenced the sales growth of the segment. Other companies of the Group's real estate segment also showed a stable sales growth. The profit of the segment within the Group was increased by the new Škoda car showroom and the showroom intended for used cars completed and taken into use in Latvia at the end of the year, the reduction of costs in the Latvian real estate company, and the sales income from the sale of the registered immovable intended for the development of residential property in Tallinn. At the end of the year, the annual revaluation of investments in property was conducted, which did not have any significant effect on the profit of the segment.

The development of the additional Latvian car showroom and the store of Kaubamaja department store in Tallinn will continue in 2020.

Personnel

The average number of employees in the Tallinna Kaubamaja Group in 2019 was 4,273, showing a decrease of 0.2% compared to the same period in 2018. Total labour costs (cost of wages and social tax) amounted to 73.1 million euros in 2019, having grown by 8.0% compared to the same period in 2018. In the fourth quarter, the labour costs increased by 5.1% compared to the year before, while the average number of employees decreased by 1.5%. The average monthly wage costs per employee increased by 7.4% in the fourth quarter; the overall annual increase was 8.8%.

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, 23 January 2020

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT BOARD'S CONFIRMATION TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Chairman of the Management Board confirms the correctness and completeness of Tallinna Kaubamaja Grupp AS condensed consolidated interim financial statements (unaudited) for the period of the Fourth quarter and 12 months of 2019 as set out on pages 13 - 36.

The Chairman of the Management Board confirms that:

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



Raul Puusepp
Chairman of the Management Board

Tallinn, 23 January 2020

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros

	Note	31.12.2019	31.12.2018
ASSETS			
Current assets			
Cash and cash equivalents	2	40,629	37,235
Trade and other receivables	3	16,904	16,093
Inventories	5	78,305	78,212
Total current assets		135,838	131,540
Non-current assets			
Long-term trade and other receivables	8	114	113
Investments in associates	7	1,721	1,738
Investment property	9	60,458	59,866
Property, plant and equipment	10	319,192	212,687
Intangible assets	11	4,990	5,133
Total non-current assets		386,475	279,537
TOTAL ASSETS		522,313	411,077
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings	12	46,448	26,002
Trade and other payables	13	89,831	90,775
Total current liabilities		136,279	116,777
Non-current liabilities			
Borrowings	12	157,876	68,313
Provisions for other liabilities and charges		322	370
Total non-current liabilities		158,198	68,683
TOTAL LIABILITIES		294,477	185,460
Equity			
Share capital	15	16,292	16,292
Statutory reserve capital		2,603	2,603
Revaluation reserve		93,496	95,587
Currency translation differences		-149	-149
Retained earnings		115,594	111,284
TOTAL EQUITY		227,836	225,617
TOTAL LIABILITIES AND EQUITY		522,313	411,077

The notes presented on pages 18 to 36 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In thousands of euros

	Note	IV quarter 2019	IV quarter 2018	12 months 2019	12 months 2018
Revenue	16	192,614	182,352	717,223	681,181
Other operating income		4,431	982	5,113	2,175
Cost of sales	5	-142,372	-132,830	-535,410	-507,182
Other operating expenses	17	-11,435	-15,189	-41,917	-56,033
Staff costs	18	-20,448	-19,461	-73,113	-67,710
Depreciation, amortisation and impairment losses	10, 11	-7,685	-3,227	-30,743	-13,426
Other expenses		-233	-844	-715	-1,673
Operating profit		14,872	11,783	40,438	37,332
Finance income		0	0	1	1
Finance costs		-767	-237	-2,982	-810
Finance income on shares of associates	7	29	27	203	214
Profit before tax		14,134	11,573	37,660	36,737
Income tax expense	15	-70	-49	-6,523	-6,299
NET PROFIT FOR THE FINANCIAL YEAR		14,064	11,524	31,137	30,438
Other comprehensive income:					
<i>Items that will not be subsequently reclassified to profit or loss</i>					
Revaluation of land and buildings		0	15,266	0	15,266
Other comprehensive income for the financial year		0	15,266	0	15,266
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		14,064	26,790	31,137	45,704
Basic and diluted earnings per share (euros)	19	0.35	0.28	0.76	0.75

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

The notes presented on pages 18 to 36 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

In thousands of euros

	Note	12 months 2019	12 months 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit		31,137	30,438
<i>Adjustments:</i>			
Interest expense		2,982	810
Interest income		-1	-1
Income tax on dividends	15	6,452	6,249
Depreciation, amortisation	10, 11	30,632	13,329
Gain from fair value adjustment of investment property	9	-359	-42
Loss on sale and write-off of non-current assets	10	111	97
Profit on sale of non-current assets	10	-3,849	-398
Profit on sale of investment property	9	0	-39
Effect of equity method	7	-203	-214
Change in inventories		-287	-2,026
Change in receivables and prepayments related to operating activities		-812	36
Change in liabilities and prepayments related to operating activities		-997	5,216
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		64,806	53,455
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment (excl. finance lease)	10	-22,598	-15,991
Proceeds from sale of property, plant and equipment	10	5,597	9,723
Purchase of investment property	9	-111	
Proceeds from sale of investment property	9	0	676
Purchase of intangible assets	11	-585	-95
Dividends received	7	220	200
Interest received		1	1
TOTAL CASH FLOWS USED IN INVESTING ACTIVITIES		-17,476	-5,486
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	12	25,246	84,060
Repayments of borrowings	12	-25,652	-92,838
Change in overdraft balance	12	9,785	-457
Repayments of lease liabilities	12	-14,970	0
Interest paid on lease liabilities	12	-2,031	0
Dividends paid	15	-28,917	-28,102
Income tax on dividends	15	-6,452	-6,249
Interest paid		-945	-810
TOTAL CASH FLOWS USED IN FINANCING ACTIVITIES		-43,936	-44,396
TOTAL CASH FLOWS		3,394	3,573
Cash and cash equivalents at the beginning of the period	2	37,235	33,662
Cash and cash equivalents at the end of the period	2	40,629	37,235
Net change in cash and cash equivalents		3,394	3,573

The notes presented on pages 18 to 36 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

In thousands of euros

	Share capital	Statutory reserve capital	Revaluation reserve	Currency translation differences	Retained earnings	Total
Balance as of 31.12.2017	16,292	2,603	82,124	-255	107,252	208,016
Net profit for the reporting period	0	0	0	0	30,438	30,438
Revaluation of land and buildings	0	0	15,266	0	0	15,266
Currency translation differences	0	0	0	106	-106	0
Total comprehensive income for the reporting period	0	0	15,266	106	30,332	45,704
Reclassification of depreciation of revalued land and buildings	0	0	-1,803	0	1,803	0
Dividends paid	0	0	0	0	-28,103	-28,103
Balance as of 31.12.2018	16,292	2,603	95,587	-149	111,284	225,617
Net profit for the reporting period	0	0	0	0	31,137	31,137
Total comprehensive income for the reporting period	0	0	0	0	31,137	31,137
Reclassification of depreciation of revalued land and buildings	0	0	-2,091	0	2,091	0
Dividends paid	0	0	0	0	-28,918	-28,918
Balance as of 31.12.2019	16,292	2,603	93,496	-149	115,594	227,836

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

The notes presented on pages 18 to 36 form an integral part of these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM ACCOUNTS

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

General Information

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

Basis for Preparation

The Condensed Consolidated Interim Accounts of Tallinna Kaubamaja Group has been prepared in accordance with the International Financial Reporting Standard IAS 34 Interim Financial Reporting as adopted by the European Union. The condensed consolidated interim financial statements do not contain all the information that has to be presented in the annual financial statements and they should be read in conjunction with the Group's consolidated financial statements as at and for the year ended 31 December 2018. 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. As described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2018, except accounting for leases, which is accounted under IFRS 16 principles starting from 1 January 2019. Changes in lease accounting are described below.

The functional and presentation currency of Tallinna Kaubamaja Group is euro. All amounts disclosed in the financial statements have been rounded to the nearest thousand unless referred to otherwise.

The Manager is of the opinion that the Condensed Consolidated Interim Report of Tallinna Kaubamaja Group for the Fourth quarter and 12 months of 2019 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 significant accounting policies

The Group has adopted IFRS 16, Leases for the first time starting from 01.01.2019. A number of other new standards are effective from 1 January 2019 but they do not have a material effect on the Group's financial statements. The effect from application of IFRS 16 on the Group's financial statements as at 01.01.2019 is described below.

IFRS 16, Leases

The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The group has adopted IFRS 16 Leases retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period as permitted under the specific transition provisions in the standard.

On adoption of IFRS 16, the group recognized fixed assets and lease liabilities in relation to leases, which had previously been classified as 'operating leases' under the principles of IAS 17 Leases.

The Group leases various properties. Rental contracts are typically made for fixed periods of up to 13 years but include, as a rule extension and termination options. Lease terms are negotiated on an individual basis and may contain a wide range of different terms and conditions.

The Group recognises leases as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use.

Assets and liabilities were recognised in the balance sheet at net present value of lease payments. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life or the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis (except for exceptions). Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable;
- variable lease payment that are based on some kind an index (for example inflation, Euribor);
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease or the Group's incremental borrowing rate. The alternative interest rate is the interest rate that the Group would have to pay if it financed the purchase of a similar right to use the asset with a loan.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- if rental agreement requires, then restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The management reviews the assessment if a significant event or a significant change in circumstances occurs which affects the probability of using options and that is within the control of the management. Alternatively, the extension period of the contract has changed (for example, Group has exercised an option, which initially was considered reasonably uncertain or has not exercised an option, which was initially considered reasonably certain).

According to the contracts, Group has not granted any carrying value of the rental assets in the end of the contract.

On applying the standard as at 01.01.2019, the lease payments were discounted at the Group's incremental borrowing rate of 1.49% on average. The Group has used a single discount rate to a portfolio of leases with reasonably similar characteristics as practical expedient permitted by the standard. The Group has used the following practical expedients permitted by the standard:

- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The group has also elected not to apply IFRS 16 to contracts that were not identified as containing a lease under IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

As the result of application, the Group's total assets in the balance sheet as at 01.01.2019 increased 109,282 thousand euros and liabilities increased 109,282 thousand euros.

Note 2. Cash and cash equivalents

in thousands of euros

	31.12.2019	31.12.2018
Cash on hand	1,155	1,216
Bank accounts	38,257	35,006
Cash in transit	1,217	1,013
Total cash and cash equivalents	40,629	37,235

Note 3. Trade and other receivables

in thousands of euros

	31.12.2019	31.12.2018
Trade receivables (Note 4)	13,455	12,782
Other receivables from related parties (Note 20)	0	1
Other short-term receivables	385	614
Total financial assets from balance sheet line "Trade and other receivables"	13,840	13,397
Prepayment for goods	2,190	2,008
Other prepaid expenses	837	633
Prepaid rental expenses	6	39
Prepaid taxes (Note 14)	31	16
Total trade and other receivables	16,904	16,093

Note 4. Trade receivables

in thousands of euros

	31.12.2019	31.12.2018
Trade receivables	10,629	10,157
Allowance for doubtful receivables	-10	-7
Receivables from related parties (Note 20)	361	290
Credit card payments	2,475	2,342
Total trade receivables	13,455	12,782

Note 5. Inventories

in thousands of euros

	31.12.2019	31.12.2018
Goods purchased for resale	77,156	77,418
Raw materials and materials	1,149	794
Total inventories	78,305	78,212

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

in thousands of euros

	IV quarter 2019	IV quarter 2018	12 months 2019	12 months 2018
Write-down and write-off of inventories	2,460	2,373	9,358	9,645
Inventory stocktaking deficit	805	823	2,538	2,153
Total materials and consumables used	3,265	3,196	11,896	11,798

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

Note 6. Subsidiaries

Tallinna Kaubamaja Group consists of:

Name	Location	Area of activity	Ownership 31.12.2019	Year of acquisition or foundation
Selver AS	Tallinn Pärnu mnt. 238	Retail trade	100%	1996
Tallinna Kaubamaja Kinnisvara AS	Tallinn Gonsiori 2	Real estate management	100%	1999
Tartu Kaubamaja Kinnisvara OÜ	Tartu Riia 1	Real estate management	100%	2004
SIA TKM Latvija	Riga Ieriku iela 3	Real estate management	100%	2006
TKM Auto OÜ	Tallinn Gonsiori 2	Commercial and finance activities	100%	2007
KIA Auto AS	Tallinn Ülemiste tee 1	Retail trade	100%	2007
Forum Auto SIA	Marupe K.Ulmana gatve 101	Retail trade	100%	2007
KIA Auto UAB	Vilnius, Perkunkiemiõ g.2	Retail trade	100%	2007
TKM Beauty OÜ	Tallinn Gonsiori 2	Retail trade	100%	2007
TKM Beauty Eesti OÜ	Tallinn Gonsiori 2	Retail trade	100%	2007
TKM King AS	Tallinn Betooni 14	Retail trade	100%	2008
Kaubamaja AS	Tallinn Gonsiori 2	Retail trade	100%	2012
Kulinaaria OÜ	Tallinn Taevakivi 7B	Centre kitchen activities	100%	2012
Viking Motors AS	Tallinn A.H. Tammsaare tee 51	Retail trade	100%	2012
Viking Security AS	Tallinn A.H. Tammsaare tee 62	Security activities	100%	2014
UAB TKM Lietuva	Vilnius Lvovo G. 25	Real estate management	100%	2017
Verte Auto SIA	Riga Bikernieku iela 125	Retail trade	100%	2017

In 2019 and 2018, there were no business combinations. In 2018, SIA Selver Latvia was liquidated.

Note 7. Investments in associates

in thousands of euros

Tallinna Kaubamaja Group has ownership of 50% (2018: 50%) interest in the entity AS Rävåla Parkla which provides the services of a parking house in Tallinn.

	31.12.2019	31.12.2018
Investment in the associate at the beginning of the year	1,738	1,724
Profit for the reporting period under equity method	203	214
Dividends received	-220	-200
Investment in the associate at the end of the accounting period	1,721	1,738

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

	31.12.2019		31.12.2018	
Current assets	68		58	
Non-current assets	3,483		3,521	
Current liabilities	109		104	
	IV quarter 2019	IV quarter 2018	12 months 2019	12 months 2018
Revenue	132	122	575	605
Net profit	58	54	406	428

Note 8. Long-term trade and other receivables

in thousands of euros

	31.12.2019	31.12.2018
Prepaid rental expenses	53	53
Deferred tax asset	26	25
Other receivables	35	35
Total long-term trade and other receivables	114	113

Note 9. Investment property

in thousands of euros

Carrying value as at 31.12.2017	49,902
Reclassification (Note 10)	10,559
Disposal	-637
Net gain from fair value adjustment	42
Carrying value as at 31.12.2018	59,866
Reclassification (Note 10)	111
Disposal	122
Net gain from fair value adjustment	359
Carrying value as at 31.12.2019	60,458

Investment properties comprise immovables improved with commercial buildings and constructions in progress.

Property with commercial buildings (Viimsi shopping centre and Tartu Kaubamaja Shopping Centre), which the Group maintains predominantly for earning rental income in Estonia, are partially classified as investment properties and partially as property, plant and equipment. Property in Rae municipal Peetri was reclassified as investment property from property, plant and equipment in 2017. In Latvia, Rezekne commercial building and property classified as investment property, which the Group maintains for earning rental income.

In 2019, additional 122 thousand euros of improvements were reclassified as investment property from property, plant and equipment. In 2018, three objects in Latvia were reclassified as investment property in the amount of 9,388 thousand euros. Properties with commercial buildings, which the Group maintains predominantly for earning rental income.

In 2019, Tartu Kaubamaja Shopping Centre renovation amounted to 105 thousand euros (2018: 201 thousand euros) and Viimsi Centre renovation amounted to 6 thousand euros. Gas station at Peetri Selver was completed and classified as investment property at value of 970 thousand euros (Note 10) in 2018. In 2018 in Harju County, in Peetri, Veesaare road 5 a property was sold.

As a result, the valuation in 2019, the net fair value adjustment of investment property in Estonia amounted in profit of 456 thousand euros (2018: 85 thousand euros). As a result, the valuation in 2019, the net fair value adjustment of investment property in Latvia amounted in loss of 97 thousand euros (2018: 43 thousand euros).

Net fair value adjustment of investment property is recorded in the income statement line "Other operating income" in the amount of 359 thousand euros (2018: 42 thousand euros).

Note 10. Property, plant and equipment

in thousands of euros

	Land and buildings	Right-of use-assets: properties	Machinery and equipment	Other fixtures and fittings	Construction in progress and prepayments	Total
31.12.2017						
Cost or revalued amount	167,890	0	37,114	37,634	44,584	287,222
Accumulated depreciation and impairment	-4,582	0	-24,830	-25,330	-18,005	-72,747
Carrying value	163,308	0	12,284	12,304	26,579	214,475
Changes occurred in 2018						
Purchases and improvements	700	0	1,277	1,459	12,555	15,991
Reclassification among property, plant and equipment groups	5,379	0	3,146	3,638	-12,163	0
Reclassification to intangible assets (Note 11)	0	0	0	0	-140	-140
Reclassification to investment property (Note 9)	-9,388	0	0	0	-1,171	-10,559
Reclassification to inventory	0	0	-372	0	0	-372
Disposals	-10	0	-25	-5	-9,285	-9,325
Write-offs	-40	0	-22	-34	-1	-97
Decrease/increase in value through profit or loss	171	0	0	0	-23	148
Increase in value through revaluation reserve	15,266	0	0	0	0	15,266
Depreciation	-4,810	0	-3,529	-4,361	0	-12,700
31.12.2018						
Cost or revalued amount	170,576	0	40,456	41,235	27,579	279,846
Accumulated depreciation and impairment	0	0	-27,697	-28,234	-11,228	-67,159
Carrying value	170,576	0	12,759	13,001	16,351	212,687
IFRS 16 initial application (Note 1)	0	109,282	0	0	0	109,282
Adjusted carrying value as at 01.01.2019	170,576	109,282	12,759	13,001	16,351	321,969
Changes occurred in 2019						
Purchases and improvements	2,274	0	4,054	5,844	10,426	22,598
Addition to right-of use-assets	0	6,709	0	0	0	6,709
Reclassification among property, plant and equipment groups	-1	0	0	1	0	0
Reclassification to investment property (Note 9)	6,677	0	0	0	-6,799	-122
Reclassification to inventory	0	0	-351	0	0	-351
Reclassification to property, plant and equipment from inventory	0	0	541	0	2	543
Disposals	-4	0	-20	-4	-1,720	-1,748
Write-offs	-18	0	-25	-68	0	-111
Termination of right-of use-assets	0	-391	0	0	0	-391
Depreciation	-5,039	-16,474	-3,777	-4,614	0	-29,904
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

The cost of investments for the 2019 amounted to 23,183 thousand euros (including purchases of property, plant and equipment in the amount of 22,598 thousand euros and purchases of intangible assets amounted to 585 thousand euros).

The cost of purchases of property, plant and equipment made in reporting period in the supermarkets business segment was 12,007 thousand euros. In the reporting period, computing technology for SelveEkspress self-service cashiers and renewed store fittings were purchased. Renovated Pelgulinna Selver was reopened and Jõhvi Selver with renovated interior and larger than before store salesroom was reopened. Subsidiary of AS Selver OÜ Kulinaaria started construction of new production building and renovated existing production building.

The cost of purchases of property, plant and equipment in the business segment of department stores amounted to 1,643 thousand euros. In the reporting period, renovation work carried out and store fittings and computing technology was purchased.

The cost of purchases of property, plant and equipment in the reporting period was 1,484 thousand euros in the car trade business segment. In the reporting period, garage equipment was renewed and equipment for the most modern East Europe Škoda showroom were purchased.

The cost of purchases of property, plant and equipment in the reporting period in the footwear segment was 490 thousand euros.

The cost of purchases of property, plant and equipment in the real estate business segment amounted to 6,974 thousand euros. In the reporting period, the construction work of Peugeot sales office in Riga started and was opened Škoda showroom. Additionally in Tallinn, Sõle 31, Kolde Selver construction work were carried out.

In the end of 2019 and 2018, Tallinna Kaubamaja Grupp AS companies had no commitments to purchase fixed assets.

At the year-end 2019, the fair value of "Land and buildings" and recoverable amount of "Construction in progress" was assessed. The fair values of "Land and buildings" and the recoverable amounts of buildings under construction (based on the value in use) were determined based on management's judgment, using the estimates of certified independent real estate experts for determining the inputs to be used or the fair value of the items. The discounted cash flow model and market data (comparable transactions, rental income, etc.) were both used for determining fair values as well as recoverable amounts.

The discount rates used for estimation were 8.0% -11.5% (2018: 8.0% - 11.5%) depending on the location of the property and the rental growth rates were 1% - 2.5% (2018: 1% - 2.5%). For the purpose of estimating the value of "Land and buildings", the rental agreements in force have been used for determining the input of the rental price, which management believes correspond to the market conditions.

As a result of the revaluation in 2019 the value of "Land and buildings" located in Estonia was adjusted neither upwards nor downwards. As a result of the revaluation in 2018 the value of "Land and buildings" located in Estonia increased by 14,280 thousand euros which was recognized through revaluation reserve and increase in value was recognized through profit and loss in the amount of 171 thousand euros.

The discount rates used for estimation of "Land and Buildings" located in Latvia were 8.5% (2018: 9.5%) and the rental growth rates were 1% -2.5% (2018: 2.5%). As a result of the revaluation in 2019, the value of "Land and buildings" located in Latvia was adjusted neither upwards nor downwards. As a result of the revaluation in 2018, the value of "Land and buildings" located in Latvia increased by 986 thousand euros, which was recognized through revaluation reserve.

"Land and buildings" located in Lithuania in 2019 and 2018 showed no significant differences between fair values and carrying value.

The value of "Construction in progress" located in Estonia was adjusted neither upwards nor downwards in 2019 and 2018. The value of "Construction in progress" located in Latvia was adjusted neither upwards nor downwards in 2019. In 2018, the value of "Construction in progress" located in Latvia decreased by 23 thousand euros and was recognized through profit and loss. The value of "Construction in progress" located in Lithuania was adjusted neither upwards nor downwards in 2019 and 2018.

Note 11. Intangible assets

in thousands of euros

	Goodwill	Trademark	Development expenditure	Total
31.12.2017				
Cost	3,260	5,277	1,386	9,923
Accumulated amortisation and impairment	0	-3,583	-665	-4,248
Carrying value	3,260	1,694	721	5,675
Changes occurred in 2018				
Purchases and improvements	0	0	95	95
Reclassification (Note 10)	0	0	140	140
Amortisation	0	-497	-280	-777
31.12.2018				
Cost	3,260	5,277	1,602	10,139
Accumulated amortisation and impairment	0	-4,080	-926	-5,006
Carrying value	3,260	1,197	676	5,133
Changes occurred in 2019				
Purchases and improvements	0	0	585	585
Amortisation	0	-421	-307	-728
31.12.2019				
Cost	3,260	3,688	2,170	9,118
Accumulated amortisation and impairment	0	-2,912	-1,216	-4,128
Carrying value	3,260	776	954	4,990

In the reporting period, the Group capitalised costs of a web page update, locality card web page update and e-shop as development expenditure in the amount of 585 thousand euros (2018: 95 thousand euros).

As a trademark, the Group has recognised the image of ABC King at 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 will be amortised during 15 years.

Trademark at value of 1,588 thousand euros was acquired in 2012 through purchase of AS Viking Motors shares. Trademark was amortised during 2019 year and removed from balance sheet.

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.

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

in thousands of euros	31.12.2019	31.12.2018
Car trade	3,156	3,156
Department store	104	104
Total	3,260	3,260

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

Note 12. Borrowings

in thousands of euros

	31.12.2019	31.12.2018
Short-term borrowings		
Overdraft	17,140	7,354
Bank loans	12,480	16,424
Lease liabilities	15,371	0
Other borrowings	1,457	2,224
Total short-term borrowings	46,448	26,002

in thousands of euros

	31.12.2019	31.12.2018
Long-term borrowings		
Bank loans	72,549	68,202
Lease liabilities	85,259	0
Other borrowings	68	111
Total long-term borrowings	157,876	68,313
Total borrowings	204,324	94,315

Borrowings received

in thousands of euros

	IV quarter 2019	IV quarter 2018	12 months 2019	12 months 2018
Overdraft	3,651	0	9,785	0
Bank loans	3,609	2,393	22,448	79,020
Other borrowings	615	882	2,798	5,040
Total borrowings received	7,875	3 275	35,031	84,060

Borrowings paid

in thousands of euros

	IV quarter 2019	IV quarter 2018	12 months 2019	12 months 2018
Overdraft	9,785	141	0	457
Bank loans	5,892	6,054	22,046	87,965
Lease liabilities	3,753	0	14,970	0
Other borrowings	501	1,238	3,606	4,873
Total borrowings paid	19,931	7,433	40,622	93,295

Bank loans and other borrowings are denominated in euros.

As of 31.12.2019, the repayment dates of bank loans are between 27.03.2020 and 05.12.2024 (2018: between 28.01.2019 and 12.12.2023), 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 1.19% (2018: 1.06%).

Lease agreements that form lease liabilities have been concluded for the term of 07.03.2020 until 30.07.2035. 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 1.49%.

Net debt reconciliation

in thousands of euros

	31.12.2019	31.12.2018
Cash and cash equivalents (Note 2)	40,629	37,235
Short-term borrowings	-46,448	-26,002
Long-term borrowings	-157,876	-68,313
Net debt	-163,695	-57,080
Cash and cash equivalents (Note 2)	40,629	37,235
Gross debt – fixed interest rates	-111,975	-11,537
Gross debt – variable interest rates	-92,349	-82,778
Net debt	-163,695	-57,080

	Cash and cash equivalents	Overdraft	Borrowings due within 1 year	Borrowings due after 1 year	Total
Net debt 31.12.2017	33,662	-7,811	-47,007	-48,732	-69,888
Cash flows	3,573	457	28,359	-19,581	12,808
Net debt 31.12.2018	37,235	-7,354	-18,648	-68,313	-57,080
IFRS 16 initial application (Note 1)	0	0	-14,928	-94,354	-109,282
Adjusted net debt 01.01.2019	37,235	-7,354	-33,576	-162,667	-166,362
Cash flows	3,394	-9,786	2,237	4,791	636
Interest expense	0	0	2,031	0	2,031
Net debt 31.12.2019	40,629	-17,140	-29,308	-157,876	-163,695

Note 13. Trade and other payables

in thousands of euros

	31.12.2019	31.12.2018
Trade payables	65,010	67,266
Payables to related parties (Note 20)	5,043	3,965
Other accrued expenses	183	145
Prepayments by tenants	2,956	2,682
Total financial liabilities from balance sheet line "Trade and other payables"	73,192	74,058
Taxes payable (Note 14)	7,226	8,089
Employee payables	7,293	6,916
Prepayments	2,113	1,630
Short-term provisions*	7	82
Total trade and other payables	89,831	90,775

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

Note 14. Taxes

in thousands of euros

	31.12.2019		31.12.2018	
	Prepaid taxes	Taxes payable	Prepaid taxes	Taxes payable
Prepaid taxes	31	0	16	0
Value added tax	0	2,941	0	4,022
Personal income tax	0	1,051	0	948
Social security taxes	0	2,840	0	2,737
Corporate income tax	0	79	0	74
Unemployment insurance	0	184	0	180
Mandatory funded pension	0	131	0	128
Total taxes	31	7,226	16	8,089

Note 15. Share capital

As of 31.12.2019 and 31.12.2018, 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 2019, dividends were declared to the shareholders in the amount of 28,918 thousand euros, or 0.71 euros per share. Related income tax expense on dividends amounted to 6,452 thousand euros.

In 2018, dividends were declared to the shareholders in the amount of 28,103 thousand euros, or 0.69 euros per share. Related income tax expense on dividends amounted to 6,249 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 store, supermarket, 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 store 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. 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 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 Company 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 income statement, segment assets and liabilities have been measured in accordance with accounting policies used in the preparation of the financial statements except for accounting for lease that is presented in reports to Supervisory Board according to IAS 17. Main measures that Supervisory Board monitors are segment revenue (external segment and inter-segment revenue), EBITDA (earnings before interest, taxes, depreciation and amortisation) and net profit or loss.

in thousands of euros

IV quarter 2019	Super markets	Department store	Car trade	Foot-wear trade	Real estate	Inter-segment transactions	Impact of lease accounting	Total segments
External revenue	123,027	31,998	33,506	2,621	1,462	0	0	192,614
Inter-segment revenue	328	1,871	82	6	3,446	-5,733	0	0
Total revenue	123,355	33,869	33,588	2,627	4,908	-5,733	0	192,614
EBITDA	7,282	2,916	374	-60	7,784	0	4,261	22,557
Segment depreciation and impairment losses	-1,724	-609	-65	-123	-1,034	0	-4,130	-7,685
Operating profit/loss	5,558	2,307	309	-183	6,750	0	131	14,872
Finance income	76	116	0	0	21	-213	0	0
Finance income on shares of associates	0	29	0	0	0	0	0	29
Finance costs	-41	-98	-84	-31	-218	213	-508	-767
Income tax	0	0	-71	0	1	0	0	-70
Net profit/loss	5,593	2,354	154	-214	6,554	0	-377	14,064
incl. in Estonia	5,593	2,354	463	-214	6,611	0	-377	14,430
incl. in Latvia	0	0	-231	0	-44	0	0	-275
incl. in Lithuania	0	0	-78	0	-13	0	0	-91
Segment assets	101,170	76,685	39,071	4,940	275,342	-74,021	99,126	522,313
Segment liabilities	79,320	43,809	28,125	9,248	87,326	-53,981	100,630	294,477
Segment investments in property, plant and equipment	7,243	429	1,039	193	1,274	0	0	10,178
Segment investments in intangible assets	0	288	30	0	0	0	0	318
Fair value adjustment of investment property (Note 9)	0	0	0	0	359	0	0	359

in thousands of euros

IV quarter 2018	Super markets	Department store	Car trade	Footwear trade	Real estate	Inter-segment transactions	Total segments
External revenue	122,519	31,557	24,249	2,619	1,408	0	182,352
Inter-segment revenue	303	1,919	23	32	3,269	-5,546	0
Total revenue	122,822	33,476	24,272	2,651	4,677	-5,546	182,352
EBITDA	7,283	3,307	780	218	3,422	0	15,010
Segment depreciation and impairment losses	-1,557	-647	42	-111	-954	0	-3,227
Operating profit	5,726	2,660	822	107	2,468	0	11,783
Finance income	77	237	0	0	3	-317	0
Finance income on shares of associates	0	27	0	0	0	0	27
Finance costs	-39	-82	-180	-71	-182	317	-237
Income tax	-1	0	-48	0	0	0	-49
Net profit	5,763	2,842	594	36	2,289	0	11,524
incl. in Estonia	5,568	2,842	633	36	3,559	0	12,638
incl. in Latvia	195	0	14	0	-1,259	0	-1,050
incl. in Lithuania	0	0	-53	0	-11	0	-64
Segment assets	99,816	72,081	33,432	5,069	263,158	-62,479	411,077
Segment liabilities	74,434	38,914	22,758	8,218	83,575	-42,439	185,460
Segment investments in property, plant and equipment	3,999	459	225	183	702	0	5,568
Segment investments in intangible assets	93	-56	2	0	-2	0	37
Increase in value of property, plant and equipment through profit or loss (Note 10)	0	0	171	0	0	0	171
Impairment of property, plant and equipment through profit or loss (Note 10)	0	0	0	0	-23	0	-23
Increase in value through revaluation reserve (Note 10)	81	0	0	0	15,185	0	15,266
Fair value adjustment of investment property (Note 9)	0	0	0	0	42	0	42

in thousands of euros

12 months 2019	Super markets	Department store	Car trade	Footwear trade	Real estate	Inter-segment transactions	Impact of lease accounting	Total segments
External revenue	469,386	102,816	130,389	8,882	5,750	0	0	717,223
Inter-segment revenue	1,348	7,190	223	12	13,454	-22,227	0	0
Total revenue	470,734	110,006	130,612	8,894	19,204	-22,227	0	717,223
EBITDA	24,645	5,877	4,783	-566	19,441	0	17,001	71,181
Segment depreciation and impairment losses	-6,695	-2,593	-431	-478	-4,072	0	-16,474	-30,743
Operating profit/loss	17,950	3,284	4,352	-1,044	15,369	0	527	40,438
Finance income	302	419	0	1	81	-802	0	1
Finance income on shares of associates (Note 7)	0	203	0	0	0	0	0	203
Finance costs	-169	-385	-319	-116	-764	802	-2,031	-2,982
Income tax	-3,947	-635	-740	0	-1,201	0	0	-6,523
Net profit/loss	14,136	2,886	3,293	-1,159	13,485	0	-1,504	31,137
incl. in Estonia	14,136	2,886	2,831	-1,159	13,943	0	-1,504	31,133
incl. in Latvia	0	0	87	0	-412	0	0	-325
incl. in Lithuania	0	0	375	0	-46	0	0	329
Segment assets	101,170	76,685	39,071	4,940	275,342	-74,021	99,126	522,313
Segment liabilities	79,320	43,809	28,125	9,248	87,326	-53,981	100,630	294,477
Segment investments in property, plant and equipment (Note 10)	12,007	1,643	1,484	490	6,974	0	0	22,598
Segment investments in intangible assets (Note 11)	0	555	30	0	0	0	0	585
Fair value adjustment of investment property (Note 9)	0	0	0	0	359	0	0	359

in thousands of euros

12 months 2018	Super markets	Department store	Car trade	Footwear trade	Real estate	Inter-segment transactions	Total segments
External revenue	450,098	100,883	114,934	9,828	5,438	0	681,181
Inter-segment revenue	1,201	6,452	83	126	12,900	-20,762	0
Total revenue	451,299	107,335	115,017	9,954	18,338	-20,762	681,181
EBITDA	24,562	6,095	5,125	159	14,817	0	50,758
Segment depreciation and impairment losses	-6,089	-2,566	-336	-415	-4,020	0	-13,426
Operating profit/loss	18,473	3,529	4,789	-256	10,797	0	37,332
Finance income	302	396	0	1	28	-726	1
Finance income on shares of associates	0	214	0	0	0	0	214
Finance costs	-140	-341	-347	-128	-580	726	-810
Income tax	-4,050	-939	-792	0	-518	0	-6,299
Net profit/loss	14,585	2,859	3,650	-383	9,727	0	30,438
incl. in Estonia	14,603	2,859	3,009	-383	11,303	0	31,391
incl. in Latvia	-18	0	377	0	-1,532	0	-1,173
incl. in Lithuania	0	0	264	0	-44	0	220
Segment assets	99,816	72,081	33,432	5,069	263,158	-62,479	411,077
Segment liabilities	74,434	38,914	22,758	8,218	83,575	-42,439	185,460
Segment investments in property, plant and equipment (Note 10)	8,842	2,415	659	242	3,833	0	15,991
Segment investments in intangible assets (Note 11)	93	0	2	0	0	0	95
Increase in value of property, plant and equipment through profit or loss (Note 10)	0	0	171	0	0	0	171
Impairment of property, plant and equipment through profit or loss (Note 10)	0	0	0	0	-23	0	-23
Increase in value through revaluation reserve (Note 10)	81	0	0	0	15,185	0	15,266
Fair value adjustment of investment property (Note 9)	0	0	0	0	42	0	42

External revenue according to types of goods and services sold

in thousands of euros

	IV quarter 2019	IV quarter 2018	12 months 2019	12 months 2018
Retail revenue	175,410	166,970	651,598	620,048
Wholesale revenue	8,724	6,725	36,309	32,736
Rental income	2,613	2,544	10,260	9,737
Revenue for rendering services	5,867	6,113	19,056	18,660
Total revenue	192,614	182,352	717,223	681,181

External revenue by client location

in thousands of euros

	IV quarter 2019	IV quarter 2018	12 months 2019	12 months 2018
Estonia	177,404	173,673	662,977	637,332
Latvia	11,008	5,519	35,335	28,703
Lithuania	4,202	3,160	18,911	15,146
Total	192,614	182,352	717,223	681,181

Distribution of non-current assets* by location of assets

in thousands of euros

	31.12.2019	31.12.2018
Estonia	354,275	253,506
Latvia	28,366	22,218
Lithuania	2,113	2,075
Total	384 754	277,799

* 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. Other operating expenses

in thousands of euros

	IV quarter 2019	IV quarter 2018	12 months 2019	12 months 2018
Rental expenses*	219	4,459	882	17,236
Heat and electricity expenses	1,855	1,980	7,650	7,576
Operating costs	1,939	1,823	7,478	7,394
Cost of sale related services and materials	1,680	1,505	6,317	5,466
Marketing expenses	2,392	2,307	8,226	7,720
Miscellaneous other operating expenses	1,315	1,189	3,996	3,770
Computer and communication costs	1,356	1,137	4,792	4,209
Personnel expenses	679	789	2,576	2,662
Total other operating expenses	11,435	15,189	41,917	56,033

*Due to application of IFRS 16 from 01.01.2019, Group's rental expenses in the amount of 17,001 thousand euros have been reclassified as repayment of lease liabilities (Note 1 and Note 12).

Note 18. Staff costs

in thousands of euros

	IV quarter 2019	IV quarter 2018	12 months 2019	12 months 2018
Wages and salaries	15,486	14,647	55,405	51,057
Social security taxes	4,962	4,814	17,708	16,653
Total staff costs	20,448	19,461	73,113	67,710
Average wages per employee per month (euros)	1,228	1,144	1,080	993
Average number of employees in the reporting period	4,204	4,270	4,273	4,283

Note 19. Earnings per share

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

	IV quarter 2019	IV quarter 2018	12 months 2019	12 months 2018
Net profit (in thousands of euros)	14,064	11,524	31,137	30,438
Weighted average number of shares	40,729,200	40,729,200	40,729,200	40,729,200
Basic and diluted earnings per share (euros)	0.35	0.28	0.76	0.75

Note 20. Related party transactions

in thousands of euros

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

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

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

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

	Purchases 12 months 2019	Sales 12 months 2018	Purchases 12 months 2019	Sales 12 months 2018
Parent	280	50	325	16
Entities in the Parent's consolidation group	27,098	3,114	26,135	3,298
Members of management and supervisory boards	0	24	10	40
Other related parties	448	10	498	16
Total	27,826	3,198	26,968	3,370

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

Balances with related parties:

	31.12.2019	31.12.2018
Receivable from Parent (Note 4)	361	290
Members of management and supervisory boards (Note 3)	0	1
Total receivables from related parties	361	291

	31.12.2019	31.12.2018
Parent	19	19
Entities in the Parent's consolidation group	5,017	3,934
Other related parties	7	12
Total liabilities to related parties (Note 13)	5,043	3,965

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.

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 2019, the Group has not earned interest income on its deposits of available funds (2018: 0 euros).

As at 31 December 2019 and 31 December 2018, 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 2,045 thousand euros (2018: 1,990 thousand euros). Short-term benefits to supervisory boards' members of the Group in reporting period including social taxes amounted to 659 thousand euros (2018: 628 thousand euros).

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