

TALLINNA KAUBAMAJA GRUPP AS

**Consolidated Interim Report for
the First quarter of 2020**
(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 2020
End of financial year:	31 December 2020
Beginning of interim report period:	1 January 2020
End of interim report period:	31 March 2020
Auditor:	PricewaterhouseCoopers AS
Telephone:	372 667 3200
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MANAGEMENT REPORT

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

Management

In order to manage the Tallinna Kaubamaja Group the general meeting of the shareholders, held at least once in a year, elects supervisory board, which according to the articles of association may have 3 to 6 members. Members of the Tallinna Kaubamaja Group supervisory board are Jüri Kão (chairman of the supervisory board), Andres Järving, Enn Kunila, Gunnar Kraft and Meelis Milder. Members of Tallinna Kaubamaja Group supervisory board are elected for three years. The mandates of current supervisory board members Andres Järving, Jüri Kão, Enn Kunila, Meelis Milder and Gunnar Kraft will expire on 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 21 February 2020 and his term of office expires on 6 March 2023.

The law, the articles of association, decisions and goals stated by the shareholders and supervisory board are followed for managing the company. By Commercial Code a resolution on amendment of the articles of association shall be adopted, if at least two-third of the votes represented at a general meeting is in favour. A resolution on amendment of the articles of association shall enter into force as of making of a corresponding entry in the commercial register. The articles of association of the Tallinna Kaubamaja Group prescribe no greater majority requirement and the public limited company does not possess several classes of shares.

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.

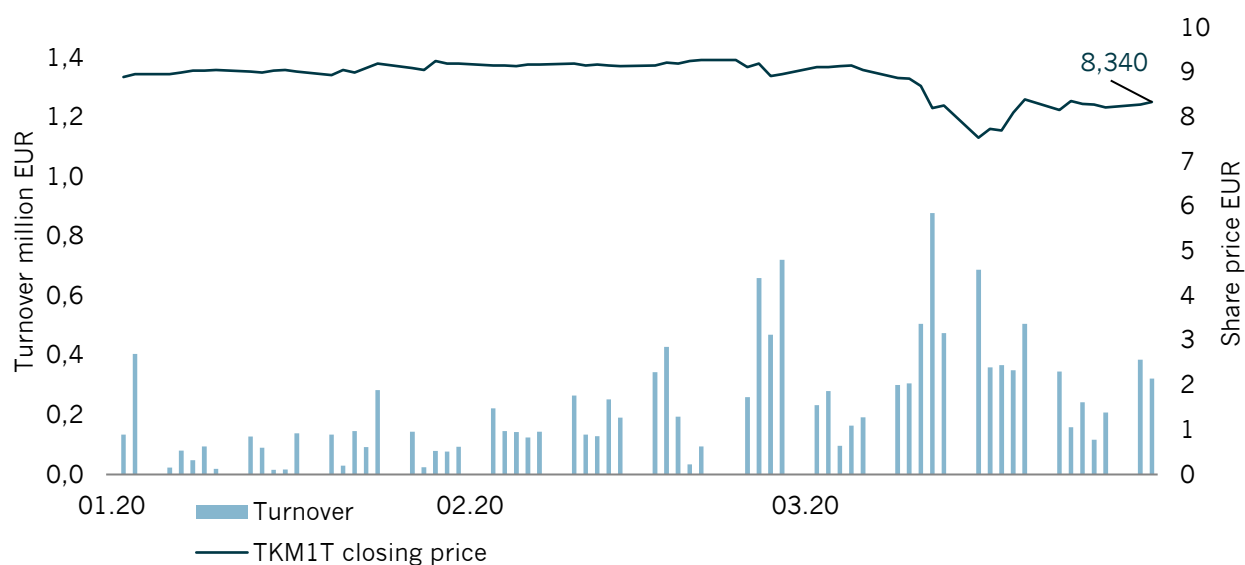
The members of the management board of Tallinna Kaubamaja Group have no right to issue or buy back shares. In addition, there are no commitments between the company and its employees providing for compensation in mergers and acquisitions under article 19' of Stock Market Trade Act.

The share with a price of 8.90 euros at the end of 2019 was closed in the end of March 2020 at the level of 8.34 euros, decreased by 6.29% in three months.

According to the notice of regular annual general meeting of the shareholders published on 25 February 2020, the management board proposed to pay dividends 0.73 euros per share. The general meeting of shareholders approved it.

Share price and trading statistics on the Tallinn Stock Exchange from 01.01.2020 to 31.03.2020.

In euros



Company's structure

The following companies belong to the Group as of March 31, 2020:

	Location	Shareholding as of 31.03.2020	Shareholding as of 31.12.2019
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 environment

The end of the first quarter of 2020, which began at a good pace for the Estonian economy, was hit hard by the crisis caused by the spread of the Covid-19 virus, which has had a serious impact on the economy. The negative effects spread to most commercial undertakings, even thoroughly reshaping the purchasing behaviour of groceries at the grocery stores which remained open. E-commerce increased steeply and the service capability has not yet been able to respond to the explosive growth of the demand. Analysts believe that the prolonged staying at home and decrease of incomes will change people's consumption habits and have a negative impact on e-commerce and the sale of foodstuffs as well in the longer perspective. The longer the period of the emergency situation, the longer the anticipated recovery of the economy after the end of the emergency situation. The efficiency of the global measures applied to control the spreading of the virus should begin to become clear in the next few weeks. Even though there is a lot of uncertainty, analysts believe that the period of uncertainty will continue, but the normal rhythm of the economy may be restored in a few quarters. Large-scale changes are occurring in the labour market due to the crisis, but it is too early to assess the overall impact of the changes.

According to Statistics Estonia, the sales revenue generated by commercial establishments in current prices increased by 3.7% in the first two months of 2020 before the crisis in Estonia. The highest growth of sales revenue was in the retail sales of other specialised stores (21.3%). Sales revenue in non-specialised stores (primarily foodstuffs) grew by 7.3% in total in the first two months of the year. Price growth decelerated to the lowest growth rate of recent years, growing by 1.5% in the first three months of 2020 in Estonia; therein, prices of foodstuffs and non-alcoholic beverages increased by 3.0%, and clothing and prices of footwear by 0.4%. Sales revenue in the retail, wholesale, and repairs segment of motor vehicles and motorbikes decreased by 3.3%. According to AMTEL, car sales turned to a steep decline in March, dropping by almost a fourth. In the first three months of 2020, 5,647 new passenger cars were sold in Estonia, i.e. 8.5% less than in the first quarter of 2019. In first two months of 2020, 3.0% fewer new passenger cars were registered in Estonia compared to the same period of the previous year. In spite of the worldwide emergency situation, the consumer confidence index has not yet significantly deteriorated in Estonia probably as a result of the anticipation of discount campaigns.

Effects of the coronavirus

Various measures to prevent the spread of the COVID-19 virus were introduced on a large scale in the Baltic States in March 2020, which led to sudden changes in the current way of life, economic environment and affected the daily work of the Group's companies.

In connection with the virus threat, the Group immediately took measures to ensure the safety of both its customers and employees. To ensure the safety of customers, the Group's retail units were equipped with hand disinfectants and instructions for their use at store entrances. In addition, signs and warning lines are used to make sure that people keep a two-metre distance from each other in the stores and the number of people in the store at one time is limited. Security staff and store employees instruct customers to make safe purchases. Corresponding instructions are also distributed via speakers and on the digital screens in the stores. Customers are encouraged to use self-service checkouts, which also ensure a safe distance between customers. To protect the health of store employees, safety glasses have been installed at checkouts and protective visors and masks have been distributed to personnel who come in direct contact with customers.

If, despite all the measures taken, an employee of a sales unit catches the coronavirus, crisis exercises have been carried out in stores to deal with such cases and action plans, a work environment disinfection plan, and a staff replacement plan have been prepared, which ensures a quick reopening of the sales unit.

On March 12, in order to limit the spread of the virus, the Government of the Republic of Estonia declared an emergency situation with an initial validity until 1 May 2020. On March 25, an additional order was issued to close all shopping centres from March 27. As a result, all stores of the Group's footwear trade segment, the industrial goods departments of the Kaubamaja segment, and I.L.U. shops are closed from that date. The Tartu Kaubamaja department store, Viimsi Shopping Centre, and the historical Kaubamaja building, mainly used by the Kaubamaja segment and located in the centre of Tallinn – all managed by the Group's real estate segment – are also closed.

Closing the stores has led to an enormous growth in the popularity of the Group's e-stores. Their performance could not immediately keep up with the sharp increase in demand. However, solutions were quickly found to improve the assembly capacity of e-shops. The employees of closed sales units were reassigned to e-shops; temporary additional staff was recruited. Fast and efficient solutions are constantly being sought to increase supply and technical capacities.

Despite the significant increase in the sales volumes of the Group's e-channels, the sales revenues of the Group in the coming months will be lower than in 2019. The negative impact is less pronounced in the supermarket segment, as food and convenience stores remain open. A larger decline in sales revenues is expected in the footwear, Kaubamaja and car trade segment. In addition, the changes concern the Group's real estate segment due to the closure of properties managed by it. The business of the Group's real estate segment is characterised by a large share of intra-group turnover, which is why the decrease in rental income due to the closures has a smaller impact on the Group's consolidated financial results.

In the changed situation, the entire Group's cost base is critically reviewed. Various measures have been used to reduce labour costs, including the reduction of wages and the use of state aid measures, to deal with the surplus of labour due to the reduction of workload related to the slowdown in the economic activities of the Group companies. Negotiations are underway with lessors to reduce the rental costs of closed sales areas.

In conclusion, the ability of the Group to adapt quickly and react flexibly is crucial. The Group is constantly monitoring its changing risk assessments and analysing the effects of the virus on an ongoing basis. It is highly probable that the change in consumption behaviour, the loss of revenue of closed sales units and the additional costs incurred to prevent the spread of the virus will put pressure on the Group's profit. At the time of the preparing the report, the duration of the movement restrictions and other measures was not known and it was not possible to objectively predict the overall impact of the pandemic on the Group's financial results. We estimate that the economic changes caused by the virus will not affect the Group's sustainability.

Economic results

FINANCIAL RATIOS 2019–2020

	EUR		Change
	1 st quarter 2020	1 st quarter 2019	
Sales revenue (in millions)	175.5	163.4	7.4%
Operating profit (in millions)	4.7	4.9	-4.1%
Net loss (in millions)	-1.7	-2.2	-20.3%
Return on equity (ROE)	-0.8%	-1.0%	
Return on assets (ROA)	-0.3%	-0.5%	
Net profit margin	-0.99%	-1.34%	
Gross profit margin	23.63%	24.70%	
Quick ratio	0.89	0.83	
Debt ratio	0.65	0.62	
Sales revenue per employee (in millions)	0.041	0.038	
Inventory turnover	1.63	1.67	
SHARE			
Average number of shares (1000 pcs)	40,729	40,729	
Equity capital per share (EUR/share)	4.82	4.78	
Share's closing price (EUR/share)	8.34	9.52	
Earnings per share (EUR/share)	-0.04	-0.05	
Average number of employees	4,251	4,293	

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
Quick ratio	= Current assets / Current liabilities
Debt ratio	= Total liabilities / Balance sheet total

In the first quarter of 2020, the unaudited consolidated sales revenue of Tallinna Kaubamaja Group was 175.5 million euros. The growth was 7.4% compared to the first quarter of 2019, when the comparable sales revenue was 163.4 million euros. The net loss of the reporting period was 1.7 million euros, influenced by the income tax calculated on dividends (5.8 million euros). The loss in the first quarter of 2019 was 2.2 million euros, including 6.5 million euros of income tax. The pre-tax profit was 4.1 million euros – 0.2 million euros lower than the result of the previous year.

The first quarter of 2020, which began positively for the Group, ended with closing the selling spaces of the footwear segment, department store segment manufactured goods departments, and I.L.U. due to the restrictions arising from the coronavirus crisis. The jump in the sales of the supermarket segment, which occurred in the middle of March after the emergency situation was declared, receded quickly as the customers became more careful in visiting the stores and the maximum capacity of the e-store was reached. Declaring the

emergency situation also resulted in a significant change in the consumption behaviour of the customers with a steep decline in the consumption of manufactured and fashion products. The powerful discounts in the footwear segment in the first months of the year and stopping of the trading in March, as well as decreasing of the margin of the car trade segment of the Group in connection with the increase in sales volume of large customers all had a negative effect on the gross margin. The sudden transfer of consumption to online channels resulted in an increase of the turnover of the e-stores of the Group, where there is still some room for development to be able to meet the demand of customers, in spite of the rapid changes in the organisation of work. Labour costs increased by 5.7% in the first quarter.

The important development activities which continued in the first quarter of 2020 included the construction of the new production building of the central kitchen of Kulinaaria, as well as the renovation of the old factory building according to the plan. The Selver store in Võru was successfully moved to the new location in the Kagukeskus shopping mall in March and was the latest Selver store to introduce the SelveEkspress service. The SelveEkspress service is now available in all Selver stores. Selver is planning to expand one and renovate up to three stores this year. In the beginning of March, a SHU store with an updated concept was opened at Lasnamäe Centrum, moving to a different location in the same shopping centre. The development of the Latvian car showroom of the car segment of the Group will continue.

As at 31 March 2020, the volume of assets of Tallinna Kaubamaja Group was 558.8 million euros – an increase of 14.5 million euros or 3.4% compared to the results at the end of 2019 without the impact of IFRS 16.

There were more than 674 thousand loyal customers at the end of the reporting period; the number of loyal customers decreased by 0.7% in a year. The proportion of loyal customers in the Group's turnover was 86.4% (86.5% in the first quarter of 2019). By the end of the first quarter, over 35.0 thousand Partner Bank and Credit Cards had been issued.

Selver supermarkets

The consolidated sales revenue of the supermarkets business segment was 118.3 million euros in the first quarter of 2020, increasing by 6.7% in comparison with the same period of last year. In the first quarter of 2020, the monthly average sales revenue of goods per square metre of selling space was 0.39 thousand euros, increasing by 8.1% in comparison with the same period last year. From the perspective of comparable stores, the sales revenue of goods per square metre of selling space was also 0.39 thousand euros, which means an increase of 8.5% in comparison with the previous year. 9.3 million purchases were made at Selver supermarkets in the first quarter of 2020, showing a drop of 1.5% year on year.

In the first quarter of 2020, the consolidated pre-tax profit of the supermarkets segment was 3.4 million euros, which 1.0 million euros higher than the result of the previous year. The consolidated net profit of the supermarkets segment was 1.3 million euros, which is 2.8 million euros higher compared to the same period in the previous year. The difference between the net profit and profit before income tax is due to income tax paid on dividends – income tax paid on dividends was 1.8 million euros lower in 2020 compared to the year before.

Closing the Vilja Selver in Võru in February and opening the store in the new premises in the Kagukeskus shopping mall in March had an impact on the economic results of the Selver supermarkets in the first quarter. Closing of the Suurejõe Selver in Pärnu for renovation in March also had an impact. The Selver store in Ülemiste City in Tallinn is temporarily closed due to the emergency situation. Successful campaigns and a remarkable growth of e-commerce where the increase in the sales revenue reached 65% have had a positive effect on the sales results of the first quarter. The additional day of sales gained thanks to the leap year also had an impact. Negative impacts arise from closing of the stores and the restrictions applied to trading in certain locations due to the emergency situation. Increased sales revenue, the investments made in increasing the efficiency of daily processes, and the warmer winter, which enabled saving on administrative expenses, have had an impact to the profit earned. The SelveEkspress service is available in all Selvers, which has enabled keeping the labour efficiency at last year's level in the conditions of wage pressure which were prevailing in the beginning of the year.

Selver is planning to expand one and renovate up to three stores this year. It is planned to strongly develop the e-store service to satisfy the demand for the service which increased considerably.

As at the end of March, the supermarkets segment includes the Selver store chain with 53 Selver stores, e-Selver, a mobile store, and a café with a total selling space of 101,000 m², as well as the central kitchen of Kulinaaria OÜ.

Kaubamaja department stores

In the first three months of 2020, the department stores business segment earned a sales revenue of 21.1 million euros, which is 7.6% less than in the same period of last year. The sales revenue of the Kaubamaja department stores per square metre of selling space was 0.26 thousand euros per month in the first three months of 2020, which is 9.9% lower than in the same period last year. The pre-tax loss of the Kaubamaja department stores in

the first quarter of 2020 was 1.0 million euros, showing an increase of 0.5 million euros in the year-on-year comparison. The beginning of the year was quite successful for department stores – the seasonal discount campaigns in the beginning of the year worked well and the Kodu Aeg campaign organised in February was the most successful in the last nine years. Yet, conclusively, the sales result of the Kaubamaja department stores in the first quarter was influenced by the emergency situation declared by the Government of the Republic of Estonia due to the COVID-19 virus, which resulted in a lower number of visitors to the department stores from the middle of March. On 27 March, the Government of the Republic of Estonia ordered the closing of all shopping malls and Kaubamaja also closed all selling spaces of manufactured goods in Tallinn and Tartu with only the grocery stores remaining open. At the same time, the Osturalli campaign began in the e-store and lasted 17 days this year. The 7-day turnover of this year's Osturalli in the e-store exceeds the level of last year by more than 50% and the amount of products sold was more than 80% higher. Unfortunately, the increased turnover of the e-store cannot significantly compensate for the lost regular turnover of the campaign.

In the first quarter of 2020, the sales revenue of OÜ TKM Beauty Eesti, which operates I.L.U. cosmetics stores, was 1.1 million euros, which is at the same level compared to the same period in 2019. The loss in the first quarter was 0.05 million euros, which was 49.2% lower than the loss in the comparable period in 2019. Analysing and changing the assortment were in the focus in the first quarter, including expanding the assortment of the e-store. The result of the quarter remained stable thanks to the successful marketing campaigns in January and February. The result of the second half of March was negatively impacted by declaration of the emergency situation in connection with the outbreak of the COVID-19 virus, with all physical stores of I.L.U. closed on 27 March and only the e-store remaining open.

Car trade

The sales revenue of the car trade segment was 33.1 million euros in the first quarter of 2020. The sales revenue increased by 25.5% year on year. In the first three months of the year, 1,348 new vehicles were sold altogether. In the first quarter of 2020, the car market decreased in all Baltic States; according to the data of Statistics Estonia, 3.0% fewer new passenger cars were registered in Estonia in the first two months of 2020. The pre-tax profit of the segment in the first quarter of 2020 was 0.3 million euros, showing a 0.3 million decrease in the year-on-year comparison. In spite of the increase in the sales revenue, the reasons behind the weaker profitability results in the first quarter of 2020 were the start-up costs of the new Škoda car showroom in Latvia and increased sales to large customers, which have lower margins.

Footwear trade

The sales revenue of the footwear trade segment was 1.6 million euros in the first quarter of 2020. The loss of the first quarter increased by 0.5 million euros compared to the previous year, remaining at 0.9 million euros. Strong realisation of the inventories of previous seasons in January and February had a negative impact on the sales revenue of the first quarter. In the beginning of March, a SHU store with an updated concept was opened at Lasnamäe Centrum, moving to a different location in the same shopping mall. The beginning of the new season in March failed completely due to the emergency situation declared in Estonia in connection with the COVID-19 virus. From 27 March 2020, all stores of the footwear trade segment of the Group are closed based on a Regulation of the Government of the Republic of Estonia until the Government has revoked the restriction.

Real estate

The sales revenue earned in the real estate segment outside the Group was 1.3 million euros in the first quarter of 2020. The sales revenue dropped by 4.9% compared to the first three months of 2019. The pre-tax profit of the real estate segment in the first quarter of 2020 was 2.7 million euros, which is 0.8% higher than the result earned in the same period last year. The drop in the sales revenue was caused by the emergency situation declared by the Government of the Republic on 12 March 2020 and the restriction of the freedom of movement implemented on 27 March 2020, as well as the prohibition on visiting shopping centres. The real estate segment of the Group has, as a responsible and caring lessor, lowered the rent until the end of the emergency situation, as the emergency situation and the prohibition on visiting the centres cause a complicated economic situation for the tenants. The profit of the segment increased slightly in spite of the drop in the sales revenue due to the emergency situation. The profit was increased by the new Škoda car showroom and the showroom intended for used cars completed and leased for the car segment of the Group in Latvia at the end of the year. This year, the development of the Latvian car centre of the car segment of the Group will continue.

Personnel

In the first quarter of 2020, the average number of employees in Tallinna Kaubamaja Group was 4,251 people, a decrease of 1.0% compared to the same period in 2019. Total labour costs (wages and social insurance contributions) in the first three months of 2020 were 18.2 million euros, a year-over-year growth of 5.7%. The monthly average salary costs per employee increased 7.1% in comparison with the average salary of the first quarter of 2019.

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

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



Raul Puusepp
Chairman of the Management Board

Tallinn, 13 April 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 first quarter of 2020 as set out on pages 11-310.

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, 13 April 2020

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros

	Note	31.03.2020	31.12.2019
ASSETS			
Current assets			
Cash and cash equivalents	2	52,220	40,629
Trade and other receivables	3	11,231	16,904
Inventories	5	82,383	78,305
Total current assets		145,834	135,838
Non-current assets			
Long-term receivables and prepayments	8	114	114
Investments in associates	7	1,776	1,721
Investment property	9	60,541	60,458
Property, plant and equipment	10	345,545	319,192
Intangible assets	11	5,002	4,990
Total non-current assets		412,978	386,475
TOTAL ASSETS		558,812	522,313
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings	12	43,250	46,448
Trade and other payables	13	121,490	89,831
Total current liabilities		164,740	136,279
Non-current liabilities			
Borrowings	12	197,389	157,876
Provisions for other liabilities and charges		322	322
Total non-current liabilities		197,711	158,198
TOTAL LIABILITIES		362,451	294,477
Equity			
Share capital	15	16,292	16,292
Statutory reserve capital		2,603	2,603
Revaluation reserve		92,973	93,496
Currency translation differences		-149	-149
Retained earnings		84,642	115,594
TOTAL EQUITY		196,361	227,836
TOTAL LIABILITIES AND EQUITY		558,812	522,313

The notes presented on pages 16 to 30 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In thousands of euros

	Note	3 months 2020	3 months 2019
Revenue	16	175,496	163,445
Other operating income		243	240
Cost of sales	5	-134,030	-123,076
Other operating expenses	17	-10,534	-10,552
Staff costs	18	-18,233	-17,246
Depreciation, amortisation and impairment losses	10, 11	-7,991	-7,637
Other expenses		-231	-251
Operating profit		4,720	4,923
Finance costs		-697	-714
Finance income on shares of associates	7	55	56
Profit before tax		4,078	4,265
Income tax expense	15	-5,821	-6,453
NET LOSS FOR THE FINANCIAL YEAR		-1,743	-2,188
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
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		-1,743	-2,188
Basic and diluted earnings per share (euros)	19	-0.04	-0.05

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

The notes presented on pages 16 to 30 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

In thousands of euros

	Note	3 months 2020	3 months 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss		-1,743	-2,188
Adjustments:			
Interest expense		697	714
Depreciation, amortisation and impairment	10, 11	7,969	7,637
Loss on impairment of non-current assets	10	22	0
Profit on sale of non-current assets	10	-12	-67
Effect of equity method	7	-55	-56
Change in inventories		-4,012	4,470
Change in receivables and prepayments related to operating activities		5,673	2,363
Change in liabilities and prepayments related to operating activities		1,945	-2,434
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		10,484	10,439
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment (excl. finance lease)	10	-8,051	-3,238
Proceeds from sale of property, plant and equipment	10	40	69
Purchase of investment property	9	-83	-7
Purchase of intangible assets	11	-142	-30
TOTAL CASH FLOWS USED IN INVESTING ACTIVITIES		-8,236	-3,206
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	12	15,221	1,588
Repayments of borrowings	12	-5,541	-5,208
Change in overdraft balance	12	4,326	5,447
Payments of principal of leases	12	-3,945	-3,732
Interest paid on lease liabilities	12	-481	-503
Interest paid		-237	-229
TOTAL CASH FLOWS USED IN FINANCING ACTIVITIES		9,343	-2,637
TOTAL CASH FLOWS		11,591	4,596
Cash and cash equivalents at the beginning of the period	2	40,629	37,235
Cash and cash equivalents at the end of the period	2	52,220	41,831
Net change in cash and cash equivalents		11,591	4,596

The notes presented on pages 16 to 30 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 31.12.2018	16,292	2,603	95,587	-149	111,284	225,617
Balance as of 01.01.2019	16,292	2,603	95,587	-149	111,284	225,617
Adjustment on the adoption of IFRS 16	0	0	0	0	0	0
Balance as of 01.01.2019 restated	16,292	2,603	95,587	-149	111,284	225,617
Net loss for the reporting period	0	0	0	0	-2,188	-2,188
Total comprehensive loss for the reporting period	0	0	0	0	-2,188	-2,188
Reclassification of depreciation of revalued land and buildings	0	0	-523	0	523	0
Dividends declared	0	0	0	0	-28,918	-28,918
Balance as of 31.03.2019	16,292	2,603	95,064	-149	80,701	194,511
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
Net profit for the reporting period	0	0	0	0	-1,743	-1,743
Total comprehensive income for the reporting period	0	0	0	0	-1,743	-1,743
Reclassification of depreciation of revalued land and buildings	0	0	-523	0	523	0
Dividends declared	0	0	0	0	-29,732	-29,732
Balance as of 31.03.2020	16,292	2,603	92,973	-149	84,642	196,361

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

The notes presented on pages 16 to 30 form an integral part of these consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM ACCOUNTS

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

General Information

Tallinna Kaubamaja Grupp AS ('the Company') and its subsidiaries (jointly 'Tallinna Kaubamaja Group' or 'the Group') are companies engaged in rendering services related to retail sale and rental activities in Estonia, Latvia and Lithuania. Tallinna Kaubamaja Grupp AS is a company registered on 18 October 1994 in the Republic of Estonia with the legal address of Kaubamaja 1, Tallinn. The shares of Tallinna Kaubamaja Grupp AS are listed on the NASDAQ 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 2019. 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 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 first quarter of 2020 gives a true and fair view of the Company's performance in accordance with the going-concern concept.

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

Note 2. Cash and cash equivalents

in thousands of euros

	31.03.2020	31.12.2019
Cash on hand	760	1,155
Bank accounts	50,667	38,257
Cash in transit	793	1,217
Total cash and cash equivalents	52,220	40,629

Note 3. Trade and other receivables

in thousands of euros

	31.03.2020	31.12.2019
Trade receivables (Note 4)	8,683	13,455
Other short-term receivables	430	385
Total financial assets from balance sheet line "Trade and other receivables"	9,113	13,840
Prepayment for goods	753	2,190
Other prepaid expenses	1,342	837
Prepaid rental expenses	6	6
Prepaid taxes (Note 14)	17	31
Total trade and other receivables	11,231	16,904

Note 4. Trade receivables

in thousands of euros

	31.03.2020	31.12.2019
Trade receivables	7,375	10,629
Allowance for doubtful receivables	-5	-10
Receivables from related parties (Note 20)	186	361
Credit card payments (receivables)	1,127	2,475
Total trade receivables	8,683	13,455

Note 5. Inventories

in thousands of euros

	31.03.2020	31.12.2019
Goods purchased for resale	81,579	77,156
Raw materials and materials	804	1,149
Total inventories	82,383	78,305

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

	3 months 2020	3 months 2019
Write-down and write-off of inventories	2,297	2,260
Inventory stocktaking deficit	586	482
Total materials and consumables used	2,883	2,742

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

Note 6. Subsidiaries

Tallinna Kaubamaja Group consists of:

Name	Location	Area of activity	Ownership 31.03.2020	Year of acquisition or foundation
Selver AS	Estonia, Tallinn	Retail trade	100%	1996
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

In 2020 and 2019, there were no business combinations.

Note 7. Investments in associates

in thousands of euros

Tallinna Kaubamaja Grupp AS has ownership of 50% (2019: 50%) interest in the entity AS Rävåla Parkla which provides the services of a parking house in Tallinn.

	31.03.2020	31.12.2019
Investment in the associate at the beginning of the year	1,721	1,738
Profit for the reporting period under equity method	55	203
Dividends received	0	-220
Investment in the associate at the end of the accounting period	1,776	1,721

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

	31.03.2020	31.12.2019
Current assets	132	68
Non-current assets	3,474	3,483
Current liabilities	54	109
	3 months 2020	3 months 2019
Revenue	177	130
Net profit	110	112

Note 8. Long-term receivables and prepayments

in thousands of euros

	31.03.2020	31.12.2019
Prepaid rental expenses	53	53
Deferred tax asset	26	26
Other receivables	35	35
Total long-term trade and other receivables	114	114

Note 9. Investment property

in thousands of euros

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
Purchases and improvements	83
Carrying value as at 31.03.2020	60,541

Investment properties comprise immovables improved with retail property and constructions in progress.

Retail property (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 depending on the purpose those properties are used by Group companies. In

Latvia, Rezekne the retail property is classified as investment property, as the Group maintains it for earning rental income.

In 2020 year, renovation work was carried out for Tartu Kaubamaja in the amount of 83 thousand euros.

In 2019 year, renovation in the amount of 122 thousand euros was reclassified from property, plant and equipment to investment property. Tartu Kaubamaja Shopping Centre renovation works were done in amount of 105 thousand euros and Viimsi Center 6 thousand euros.

As a result of the valuation in 2019 in Estonia, the fair values of investment property increased in the amount of 456 thousand euros. As a result of the valuation in 2019 in Latvia, the fair values of investment property decreased in the amount of 97 thousand euros.

No fair value change of investment property was identified in 2020.

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 and prepayments	Total
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	6,676	0	0	1	-6,677	0
Reclassification to investment property (Note 9)	0	0	0	0	-122	-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
Changes occurred in 2020						
Purchases and improvements	177	0	1,291	1,280	5,303	8,051
Addition to right-of use-assets	0	26,254	0	0	0	26,254
Reclassification to inventory	0	0	-138	0	0	-138
Reclassification to property, plant and equipment from inventory	0	0	75	0	0	75
Disposals	0	0	-28	0	0	-28
Write-offs	-17	0	-3	-2	0	-22
Depreciation	-1,337	-4,274	-994	-1,234	0	-7,839
31.03.2020						
Cost or revalued amount	179,287	141,828	44,117	44,763	33,243	443,238
Accumulated depreciation and impairment	-5,999	-20,722	-30,733	-30,559	-9,680	-97,693
Carrying value	173,288	121,106	13,384	14,204	23,563	345,545

The cost of investments for the 3 months of 2020 amounted to 8,193 thousand euros (including purchases of property, plant and equipment in the amount of 8,051 thousand euros and purchases of intangible assets amounted to 142 thousand euros).

The cost of purchases of property, plant and equipment made in reporting period in the supermarkets business segment was 6,286 thousand euros. In the reporting period, computing technology for SelveEkspress self-service cashers were purchased. New project of transition to digital price tags in Selver stores started, also were renewed store fittings. In Võru was opened south-eastern Estonian the most modern supermarket, Vilja Selver that also moved to new location. Continued construction of AS Selver subsidiary's Kulinaaria OÜ new production building and renovation of current production building.

The cost of purchases of property, plant and equipment in the business segment of department stores amounted to 802 thousand euros. Tallinna Kaubamaja Grupp AS subsidiary Viking Security AS is entering into money collection market and for this purpose armoured cash vehicles and computer technology was purchased. In the reporting period, in Kaubamaja renovation work were carried out and store fittings and computing technology was purchased.

The cost of purchases of property, plant and equipment in the reporting period was 789 thousand euros in the car trade business segment. In the reporting period, reconstruction work for car showroom were carried out, garage equipment was renewed and equipment for the most modern East Europe Škoda resale centre were purchased.

The cost of purchases of property, plant and equipment in the reporting period in the footwear segment was 9 thousand euros.

The cost of purchases of property, plant and equipment in the real estate business segment amounted to 165 thousand euros. In the reporting period the renovation work were carried out for shopping centres.

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	Development expenditure	Total
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
Changes occurred in 2020				
Purchases and improvements	0	0	142	142
Amortisation	0	-68	-62	-130
31.03.2020				
Cost	3,260	3,688	2,312	9,260
Accumulated amortisation and impairment	0	-2,980	-1,278	-4,258
Carrying value	3,260	708	1,034	5,002

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 142 thousand euros (2019: 585 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 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	31.03.2020	31.12.2019
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	31.03.2020	31.12.2019
Short-term borrowings		
Overdraft	21,465	17,140
Bank loans	8,237	12,480
Lease liabilities	12,035	15,371
Other borrowings	1,513	1,457
Total short-term borrowings	43,250	46,448

in thousands of euros	31.03.2020	31.12.2019
Long-term borrowings		
Bank loans	86,418	72,549
Lease liabilities	110,903	85,259
Other borrowings	68	68
Total long-term borrowings	197,389	157,876
Total borrowings	240,639	204,324

Borrowings received in thousands of euros	3 months 2020	3 months 2019
Overdraft	4,326	5,447
Bank loans	14,684	652
Other borrowings	537	936
Total borrowings received	19,547	7,035

Borrowings paid in thousands of euros	3 months 2020	3 months 2019
Bank loans	5,060	3,208
Lease liabilities	3,945	3,732
Other borrowings	481	2,000
Total borrowings paid	9,486	8,940

Bank loans are denominated in euros.

As of 31.03.2020, the repayment dates of bank loans are between 26.05.2020 and 10.03.2025 (2019: between 27.03.2020 and 05.12.2024), 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 1.21% (2019: 1.19%).

Lease agreements that form lease liabilities have been concluded for the term of 01.06.2020 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

	31.03.2020	31.12.2019
Cash and cash equivalents (Note 2)	52,220	40,629
Short-term borrowings	-43,250	-46,448
Long-term borrowings	-197,389	-157,876
Net debt	-188,419	-163,695
Cash and cash equivalents (Note 2)	52,220	40,629
Gross debt – fixed interest rates	-134,072	-111,975
Gross debt – variable interest rates	-106,567	-92,349
Net debt	-188,419	-163,695

	Cash and cash equivalents	Overdraft	Borrowings	Lease liabilities	Total
Net debt 31.12.2018	37,235	-7,354	-86,961	0	-57,080
IFRS 16 initial application (Note 1)	0	0	0	-109,282	-109,282
Net debt 01.01.2019	37,235	-7,354	-86,961	-109,282	-166,362
Cash flow (principal and interest)	3,394	-9,786	1,352	17,001	11,961
Interest accrued	0	0	-945	-2,031	-2,976
New lease contracts	0	0	0	-6,709	-6,709
Termination of lease liabilities	0	0	0	391	391
Net debt 31.12.2019	40,629	-17,140	-86,554	-100,630	-163,695
Cash flow (principal and interest)	11,591	-4,325	-9,445	4,426	2,247
Interest accrued	0	0	-237	-481	-718
New lease contracts	0	0	0	-26,253	-26,253
Net debt 31.03.2020	52,220	-21,465	-96,236	-122,938	-188,419

Note 13. Trade and other payables

in thousands of euros

	31.03.2020	31.12.2019
Trade payables	64,391	65,010
Payables to related parties (Note 20)	4,106	5,043
Other accrued expenses	109	183
Prepayments by tenants	3,043	2,956
Total financial liabilities from balance sheet line "Trade and other payables"	71,649	73,192
Taxes payable (Note 14)	5,667	7,226
Dividends declared (Note 15)	29,734	0
Income tax liability on dividends (Note 15)	5,821	0
Employee payables	6,420	7,293
Prepayments	2,191	2,113
Short-term provisions*	8	7
Total trade and other payables	121,490	89,831

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

Note 14. Taxes

in thousands of euros

	31.03.2020		31.12.2019	
	Prepaid taxes	Taxes payable	Prepaid taxes	Taxes payable
Prepaid taxes	17	0	31	0
Value added tax	0	1,300	0	2,941
Personal income tax	0	1,158	0	1,051
Social security taxes	0	2,872	0	2,840
Corporate income tax	0	16	0	79
Unemployment insurance	0	182	0	184
Mandatory funded pension	0	139	0	131
Total taxes	17	5,667	31	7,226

Note 15. Share capital

As of 31.03.2020 and 31.12.2019, 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 2020, dividends were declared to the shareholders in the amount of 29,732 thousand euros, or 0.73 euros per share. Related income tax expense on dividends amounted to 5,821 thousand euros.

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.

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

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

in thousands of euros

3 months 2019	Super markets	Department store	Car trade	Foot-wear trade	Real estate	Inter-segment transactions	Impact of lease accounting	Total segments
External revenue	110,910	22,878	26,350	1,889	1,418	0	0	163,445
Inter-segment revenue	319	1,856	40	4	3,322	-5,541	0	0
Total revenue	111,229	24,734	26,390	1,893	4,740	-5,541	0	163,445
EBITDA	3,922	188	739	-345	3,821	0	4,235	12,560
Segment depreciation and impairment losses	-1,613	-664	-128	-117	-1,010	0	-4,105	-7,637
Operating profit/loss	2,309	-476	611	-462	2,811	0	130	4,923
Finance income	74	44	0	0	0	-118	0	0
Finance income on shares of associates (Note 7)	0	56	0	0	0	0	0	56
Finance costs	-23	-75	-53	-16	-162	118	-503	-714
Income tax	-3,947	-635	-669	0	-1,202	0	0	-6,453
Net profit/loss	-1,587	-1,086	-111	-478	1,447	0	-373	-2,188
incl. in Estonia	-1,587	-1,086	-295	-478	1,613	0	-373	-2,206
incl. in Latvia	0	0	54	0	-155	0	0	-101
incl. in Lithuania	0	0	130	0	-11	0	0	119
Segment assets	95,758	71,367	32,126	5,403	264,926	-60,940	105,177	513,817
Segment liabilities	71,963	68,203	21,563	9,030	83,897	-40,900	105,550	319,306
Segment investments in property, plant and equipment (Note 10)	1,525	305	59	207	1,142	0	0	3,238
Segment investments in intangible assets (Note 11)	0	30	0	0	0	0	0	30

External revenue according to types of goods and services sold

in thousands of euros

	3 months 2020	3 months 2019
Retail revenue	160,775	150,182
Wholesale revenue	8,027	7,215
Rental income	2,373	2,497
Revenue for rendering services	4,321	3,551
Total revenue	175,496	163,445

External revenue by client location

in thousands of euros

	3 months 2020	3 months 2019
Estonia	162,027	152,628
Latvia	10,405	6,939
Lithuania	3,064	3,878
Total	175,496	163,445

Distribution of non-current assets* by location of assets

in thousands of euros

	31.03.2020	31.12.2019
Estonia	380,372	354,275
Latvia	28,716	28,366
Lithuania	2,114	2,113
Total	411,202	384,754

* 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

	3 months 2020	3 months 2019
Rental expenses*	76	254
Heat and electricity expenses	2,024	2,186
Operating costs	1,782	1,743
Cost of sale related services and materials	1,623	1,490
Marketing expenses	2,051	2,010
Miscellaneous other operating expenses	1,102	1,008
Computer and communication costs	1,265	1,146
Personnel expenses	611	715
Total other operating expenses	10,534	10,552

*Due to application of IFRS 16 from 01.01.2019, Group's rental expenses in the amount of 4,426 thousand euros have been reclassified as repayment of lease liabilities.

Note 18. Staff costs

in thousands of euros

	3 months 2020	3 months 2019
Wages and salaries	13,844	13,060
Social security taxes	4,389	4,186
Total staff costs	18,233	17,246
Average wages per employee per month (euros)	1,086	1,014
Average number of employees in the reporting period	4,251	4,293

Note 19. Earnings per share

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

	3 months 2020	3 months 2019
Net profit/loss (in thousands of euros)	-1,743	-2,188
Weighted average number of shares	40,729,200	40,729,200
Basic and diluted earnings per share (euros)	-0.04	-0.05

Note 20. Related party transactions

in thousands of euros

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

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

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 3 months 2020	Sales 3 months 2020	Purchases 3 months 2019	Sales 3 months 2019
Parent	66	8	64	3
Entities in the Parent's consolidation group	6,632	531	5,783	772
Members of management and supervisory boards	0	50	0	0
Other related parties	128	3	141	2
Total	6,826	592	5,988	777

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

Balances with related parties:

	31.03.2020	31.12.2019
Receivables from entities in the in the Parent's consolidation group (Note 4)	186	361
Total receivables from related parties	186	361

	31.03.2020	31.12.2019
Parent	19	19
Entities in the Parent's consolidation group	4,046	5,017
Other related parties	41	7
Total liabilities to related parties (Note 13)	4,106	5,043

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 2020 three months, the Group has not earned interest income on its deposits of available funds (2019: 0 euros).

As at 31 March 2020 and 31 December 2019 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 1,042 thousand euros (2019 3 months: 1,028 thousand euros). Short-term benefits to supervisory boards' members of the Group in reporting period including social taxes amounted to 168 thousand euros (2019 3 months: 165 thousand euros).

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