

TALLINNA KAUBAMAJA GRUPP AS

Consolidated Interim Report for
the Second quarter and first 6 months of 2023
(unaudited)

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COMPANY PROFILE AND CONTACT DETAILS

The primary areas of activity of the companies of Tallinna Kaubamaja Grupp AS (hereinafter referred to as 'Tallinna Kaubamaja Group' or 'the Group') include retail and wholesale trade. Tallinna Kaubamaja Group employs more than 4,600 employees.

The Company is listed on the Nasdaq Baltic stock exchange.

Registered office:	Kaubamaja 1 10143 Tallinn Republic of Estonia
Registry code:	10223439
Beginning of financial year:	1 January 2023
End of financial year:	31 December 2023
Beginning of interim report period:	1 January 2023
End of interim report period:	30 June 2023
Auditor:	PricewaterhouseCoopers AS
Telephone:	372 667 3300
E-mail:	tkmgroup@kaubamaja.ee

MANAGEMENT REPORT

Management

In order to manage the Group, the general meeting of the shareholders, held at least once in a year, elects a supervisory board. According to the articles of association, the board comprises of 3 to 6 members. Members of the Group supervisory board are Jüri Kõo (chairman of the supervisory board), Enn Kunila, Kristo Anton, Gunnar Kraft and Meelis Milder. Members of the Group supervisory board are elected for three years. The mandates of the current supervisory board members Jüri Kõo, Enn Kunila, Meelis Milder and Gunnar Kraft will expire on 20 May 2024 and the mandate of Kristo Anton will expire on 16 March 2026. 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 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 up to 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 the Group has one member. The term of office of the management board member Raul Puusepp was extended on 17 February 2023 and his term of office expires on 6 March 2026.

The management of the company is guided by the law, the articles of association, the decisions of the shareholders and the supervisory board meetings and the objectives set. Amendments to the articles of association are made in accordance with the Commercial Code, according to which a resolution to amend the articles of association is adopted if it is approved by at least 2/3 of the votes represented at the general meeting of shareholders. The decision to amend the articles of association enters into force upon its entry in the Commercial Register. The Group has only one class of shares.

Structure of the company

The Group reports its business activities in the five business segments as follows.

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

The following companies belong to the Group as of June 30, 2023:

		Shareholding as of 30.06.2023	Shareholding as of 31.12.2022
Supermarket segment			
Selver AS	Estonia	100%	100%
Kulinaaria OÜ	Estonia	100%	100%
Department store segment			
Kaubamaja AS	Estonia	100%	100%
TKM Finants AS	Estonia	100%	100%
TKM Beauty OÜ	Estonia	100%	100%
TKM Beauty Eesti OÜ	Estonia	100%	100%
Rävala Parkla AS	Estonia	50%	50%

	Location	Shareholding as of 30.06.2023	Shareholding as of 31.12.2022
Car trade segment			
TKM Auto OÜ	Estonia	100%	100%
KIA Auto AS	Estonia	100%	100%
Viking Motors AS	Estonia	100%	100%
Forum Auto SIA	Latvia	100%	100%
Verte Auto SIA	Latvia	100%	100%
KIA Auto UAB	Lithuania	100%	100%
Security segment			
Viking Security AS	Estonia	100%	100%
Walde AS	Estonia	100%	0%
Real estate segment			
TKM Kinnisvara AS	Estonia	100%	100%
TKM Kinnisvara Tartu OÜ	Estonia	100%	100%
TKM Latvija SIA	Latvia	100%	100%
TKM Lietuva UAB	Lithuania	100%	100%

Change in structure

Viking Security AS, a subsidiary of Tallinna Kaubamaja Grupp AS, acquired 100% of the shares of AS Walde on 15 February 2023. AS Walde is a wholesaler of security systems. The public limited company is a certified distributor of 2N Telekomunikace, Honeywell, and Anixter equipment, among others. The acquisition of the shares of AS Walde enables Tallinna Kaubamaja Grupp to further strengthen its security services, which has been one of the fastest growing businesses of Tallinna Kaubamaja Grupp in recent years. The transaction will create opportunities to launch new products and develop wholesale operations of security systems.

In May, the Group decided to further expand the security segment and acquire 100% of the shares of SKARABEUS Julgestusteenistus OÜ. At the time of preparing the report, the necessary approval had been received from the Competition Authority and additional actions related to the acquisition of the stake are currently underway. The acquisition of the stake in SKARABEUS Julgestusteenistus OÜ enables Viking Security to strengthen its business activities in all areas. The merger of the two companies provides positive synergy through the combination of strong industry know-how, increased operational capacity, and cost efficiency. The transaction creates an opportunity to continue successful growth and develop new services.

Share market

Since 19 August 1997, the shares of the Group have been listed in the main list of securities of the Nasdaq Baltic. Today, the Group is the oldest listed company in the Baltics. The Group has issued 40,729,200 registered shares of a single class, 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 a direct substantial shareholding. Shares granting special rights to their owners have not been issued.

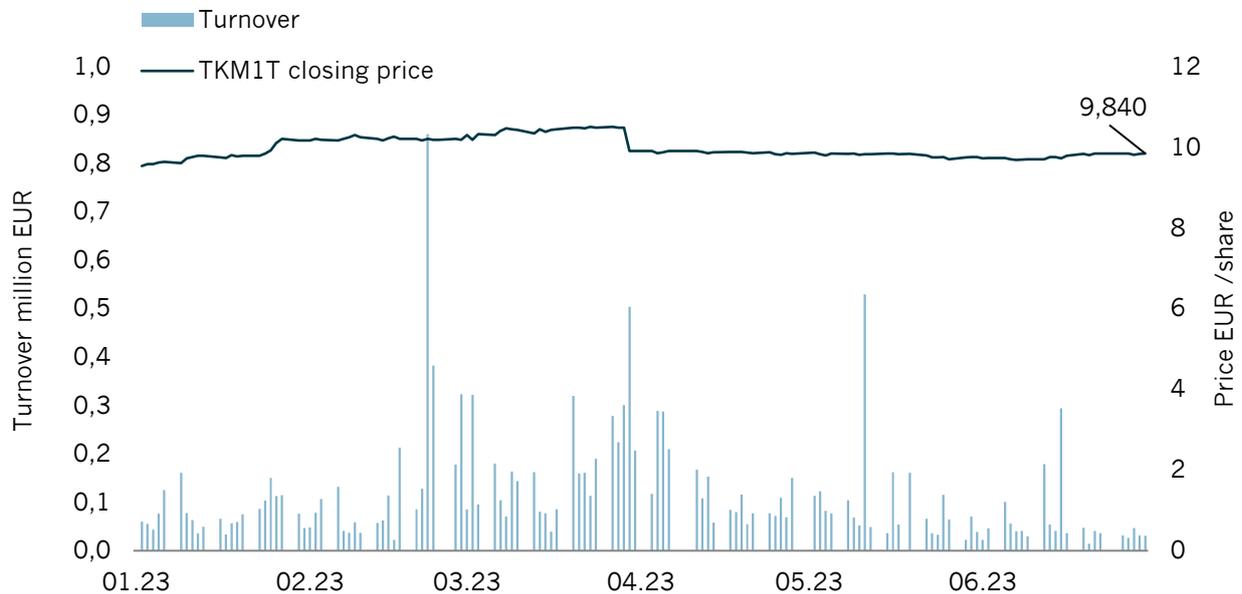
The members of the management board of the Group have no right to issue or buy back shares. In addition, there are no commitments between the company and its employees providing for compensation in mergers and acquisitions under article 19¹ of Stock Market Trade Act.

The share, which cost 9.37 euros at the end of 2022, closed at 9.84 euros at the end of June 2023, up 5.0% in six months.

According to the notice of the convening of the general meeting of Shareholders published on 21 February 2023, the company’s management proposed to pay a dividend of 0.68 euros per share to shareholders. The proposal was unanimously approved by the general meeting.

Share price and trading statistics on the Nasdaq Baltic from 01.01.2023 to 30.06.2023.

In euros



SHARE	Q2/23	Q2/22	H1/23	H1/22
Average number of shares (1000 pcs)	40,729.2	40,729.2	40,729.2	40,729.2
Equity capital per share (EUR/share)	5.58	5.48	5.58	5.48
Share’s closing price (EUR/share)	9.84	10.04	9.84	10.04
Earnings per share (EUR)	0.32	0.26	0.33	0.27

Risks

The current year was affected by the multi-crisis of 2022 with geopolitical threats, rapid broad-based inflation, and sharply increased base interest rates. In the fourth quarter of 2022, the Group assessed as a new added risk that the economy-cooling effect of the interest rate hikes of central banks would reach Estonia with its open economy first, triggering an economic recession. The latest economic assessments have confirmed the realisation of this risk.

At the time of preparing the report, the depth and duration of the economic recession was not yet clear, but the Group has prepared for possible consequences by increasing its liquidity and increasing the flexibility of business processes. Daily signs of the economic recession in the stores of the Group include the growing share of discounted products and promotional items in the shopping carts of customers and the increasing volume of thefts of ordinary goods. The stores are monitored by the professional security company Viking Security, which has long experience in the retail trade and uses modern video surveillance technology and know-how for the prevention and early detection of thefts.

Sustainable entrepreneurship

Supporting the community, children, culture, and sports is important to the Group. The subsidiary Viking Motors started a sponsorship cooperation with the US Tennis Academy to contribute to the future of Estonian tennis, and Kia Auto supports the 2023 camps of Latvian tennis player Darja Semenistaja. In addition, Viking Motors became a sponsor of shot putter Jander Heil and Kia Auto became a sponsor of Estonian triathlete Johannes Sikk. Kia Auto also started sponsoring Tartu City Day, Nida Jazz Festival and Aurum 1006 km race in Lithuania, and Brigitta Festival (in cooperation with Viking Motors). In the second quarter, the Tartu Kaubamaja department store supported the mini-fair of Tartu Student Companies, the Children’s Day of Tartu, and the street dance competition Dance Battle organised by Tartu 2024 Extended.

Kaubamaja participated in the project of the Minu Unistuste Päev (My Dream Day) organisation, where little Kristofer, who dreamed of a big Lego, could choose a present for himself from the Lastemaailm department. The Kaubamaja Moomin campaign, which takes place every summer, began, during which three euros from every Moomin product purchase during the whole summer is donated to a charity organisation. This year, the Group is donating to the organisation Vanem Vend, Vanem Õde (Big Brother Big Sister). The main idea of the programme is to support the positive development of at-risk children through a one-on-one friendship with an adult volunteer support person, reduce social problems, and increase the popularity of volunteering. In spring and summer, Kaubamaja cooperates with the foundation Sünnitusmajade Fond (Maternity Hospitals' Fund). The foundation supports maternity wards located all over Estonia in acquiring the necessary innovative equipment and providing much-needed training for the staff. In addition to larger and long-term collaborations, the Group is involved in smaller projects to which we contribute whenever possible. In the beginning of June, the summer dance festival Kuldne Karikas took place, where Kaubamaja awarded prizes to young talented dancers. In addition, we participated in the competition of student companies organised by Junior Achievement Eesti SA, sharing our knowledge with young people and providing the winners with clothes from Kaubamaja to represent Estonia internationally. When it comes to employees, Kaubamaja once again organised the Kaubamaja Service Conference for outstanding employees. In addition, in the spring, there was a festive event for employees at the Cruise Terminal, in May, Diversity Month was celebrated, and employees were invited to take part in the 2023 FitSphere challenge.

Continuous product and service development work takes place to improve the natural and living environment. To reduce urban pollution, all Viking Motors dealerships offer electric cars as replacement cars. The Tartu Kaubamaja department store renewed the outdoor area of the main entrance of Küüni Street by adding lush flower boxes with a seating area. Along with the renovations of the outdoor area, the atrium inside the building also got a fresh look: comfortable seating options were created in the immediate vicinity of the entrance. Viimsi Centre opened its solar plant with a total of 3,381 m² of panels. During the reconstruction in Järve Selver, all parts of the store were modernised, including the warehouse and staff rooms. Environmentally sustainable technological solutions were used in the reconstruction. The entire cold park was switched to a CO₂-based cooling system, which enables energy savings of nearly a fifth compared to older analogues and has a considerably smaller carbon footprint compared to systems based on fluorinated greenhouse gases.

The central kitchen Kulinaaria launched a new product on the market – buckwheat with smoked chicken. The healthy meal is low in fat and high in protein. In addition, we are adding sorting labels to the packages to make sorting easier for consumers.

Economic environment

According to Statistics Estonia, economic growth slowed down compared to the previous year. The economy shrank by 3.2% in the first quarter of 2023. According to Statistics Estonia, inflation is slowing down, but the impact of price increases on economic indicators continues to be significant. Both tax receipts and the decrease in added value in all sectors except the government sector contributed negatively to economic growth. Agriculture had the largest positive contribution to the economy. Professional, scientific, and technical activities also supported the economy to a significant extent. The contribution of the field of information and communication decreased the most. Private consumption fell by 1.9% and the decline has continued for the third consecutive quarter at a slightly accelerating pace. Household expenses decreased the most, while expenses related to going out increased. According to Eesti Pank, the economic decline will slow down in 2023, remaining at 1.0% in total for the year. The consumer price index in Estonia increased by 14.1% in the first six months. However, the price increase has started to slow down a bit. During the six months, price growth was driven by increases in the prices of food and non-alcoholic beverages (23.3%) and housing costs (20.1%). The prices of clothes and footwear increased by 12.2%. According to the estimations of Eesti Pank, inflation in 2023 will be nearly 9%. Price growth is slowing primarily thanks to the decrease in the price of energy. In comparison with the first quarter of last year, the average monthly gross wages increased by 13.3%, reaching 1,741 euros in the first quarter. According to Eesti Pank, wage growth will generally be boosted by the rise in consumer prices, which will be transferred to wages over time, raising wages in 2023 by almost 11%.

According to Statistics Estonia, in the first five months of 2023, the sales revenue of commercial enterprises in Estonia increased by 7.0% in current prices, while the volume index is in a decline of almost 5%. The sale of motor vehicles, their parts, and accessories had the largest increase in sales revenue (19.3%). Sales revenue in non-specialised stores (primarily foodstuffs) grew by 12.7% in total in the first five months of the year. Retail sales in other specialised stores and fuel sales showed the biggest decline. According to the Association of Estonian Car Dealers and Service Companies, the registration of new passenger cars in the first five months of 2023 in Estonia increased by 8.0%. The Estonian consumer confidence index has slightly improved compared to the last quarter of 2022, but remains at a record low.

Economic results

Financial ratios

In million EUR	Q2/23	Q2/22	Change %	H1/23	H1/22	Change %
Revenue	242.5	213.0	13.8%	460.5	411.9	11.8%
Supermarkets	154.5	143.8	7.4%	301.7	283.3	6.5%
Department stores	27.0	26.8	0.7%	51.7	48.5	6.7%
Car trade	55.9	38.6	44.7%	97.6	72.6	34.4%
Security	3.5	2.3	55.1%	6.4	4.5	40.3%
Real estate	1.6	1.5	5.5%	3.2	3.0	5.8%
<i>margin</i>	<i>27.24%</i>	<i>27.95%</i>	<i>-2.5%</i>	<i>27.26%</i>	<i>27.22%</i>	<i>0.2%</i>
EBITDA	25.3	21.6	17.0%	43.0	37.3	15.4%
Supermarkets	8.0	6.0	32.2%	12.8	11.1	14.8%
Department stores	2.0	2.8	-28.3%	2.1	1.8	20.1%
Car trade	5.3	3.4	54.5%	8.7	5.8	50.4%
Security	0.2	0.1	55.7%	0.4	0.2	66.2%
Real estate	4.6	4.1	11.2%	8.6	8.1	6.5%
IFRS 16	5.2	5.1	2.7%	10.4	10.3	1.4%
<i>margin</i>	<i>10.43%</i>	<i>10.15%</i>	<i>2.7%</i>	<i>9.34%</i>	<i>9.05%</i>	<i>3.2%</i>
Operating profit	15.1	11.8	27.3%	22.7	17.8	27.3%
<i>margin</i>	<i>6.22%</i>	<i>5.56%</i>	<i>11.8%</i>	<i>4.93%</i>	<i>4.33%</i>	<i>13.9%</i>
Net profit	12.8	10.7	20.5%	13.4	11.1	21.4%
<i>margin</i>	<i>5.30%</i>	<i>5.01%</i>	<i>5.9%</i>	<i>2.92%</i>	<i>2.69%</i>	<i>8.5%</i>
Earnings per share (EUR)	0.32	0.26	20.5%	0.33	0.27	21.4%

Key ratios	Q2/23	Q2/22	H1/23	H1/22
Return on equity (ROE)	5.8%	5.1%	6.1%	5.3%
Return on assets (ROA)	2.0%	1.8%	2.1%	1.9%
Quick ratio	0.89	0.81	0.89	0.81
Debt ratio	0.64	0.64	0.64	0.64
Inventory turnover (multiplier)	1.89	2.15	3.59	4.19
Sales revenue per employee (in million EUR)	0.052	0.043	0.098	0.088
Average number of employees	4,656	4,935	4,683	4,686

Return on equity (ROE)

= Net profit / Average owners' equity * 100%

Return on assets (ROA)

= Net profit / Average total assets * 100%

Quick ratio

= Current assets / Current liabilities

Debt ratio

= Total liabilities / Balance sheet total

Inventory turnover (multiplier)

= Cost of goods sold / inventories

Sales revenue per employee

= Sales revenue / Average number of employees

The consolidated unaudited sales revenue of the Group in the second quarter of 2023 was 242.5 million euros, which was 13.8% more than the sales revenue of the previous year. The sales revenue in the first six months was 460.5 million euros, which was an 11.8% increase in comparison with the result of the first six months of 2022, when the sales revenue was 411.9 million euros. The consolidated unaudited net profit of the Group in the second quarter of 2023 was 12.8 million euros, which was 20.5% higher than the profit of the comparable period last year. The net profit of the Group in the first six months of 2023 was 13.4 million euros, which exceeded the result of the previous comparable period by 21.4%. The pre-tax profit earned in the first half was 18.7 million euros, showing a 20.5% increase compared to last year. Net profit was affected by the dividend payment, from which 5.3 million euros of income tax was calculated in the first quarter of 2023; 4.5 million euros of income tax was calculated a year before.

The significant increase in the sales revenue of the Group in the second quarter of 2023 is partly due to the general price increase reaching the sales prices of the retail segments of the Group, unfortunately sometimes leading to a slight decrease in volume consumption. The supply chain issues in the car segment in recent years increased the number of customers who wanted to buy a car, which greatly contributed to the strong 44.7% increase in sales revenue of the car segment after the improvement of car availability. However, the prices of vehicles have also increased and in terms of volume sales, the growth of the car segment is slightly more modest. The resurgence of availability across the market has led to more flexible pricing. The increasing pressure on the margin accompanying the decrease in the purchasing power of customers is also affecting other retail segments of the Group. Customers who value quality have supported the recovery of sales revenue in the Kaubamaja department stores segment. The impact of comprehensive cost-saving measures implemented by the supermarket segment, which suffered the most due to extremely high energy prices in 2022, to mitigate cost growth has been more evident in the reporting period. Cost-saving measures combined with lower energy costs have strengthened the profit position of the supermarkets and helped bring the operating margin of the segment back close to 2021 levels. The labour costs of the Group increased by 12.5% in the second quarter of 2023, while the number of employees decreased by 5.7%. Compared to the previous year, the shoe stores of the Group have been closed.

In the second quarter, the largest store in the supermarket segment in Tallinn, Järve, was closed for renovation works for nearly two months. Reopened at the end of May, the renovated Järve Selver has been well received by customers. In the first quarter, the supermarket segment renovated the Ringtee Selver in Tartu. In addition, the supermarket segment plans to renovate the Solaris store in the centre of Tallinn and open a new hypermarket by the Tallinn roundabout in the reporting year. In the Kaubamaja department stores segment, development work on the e-store platform continued in the second quarter. In addition, preparatory work was started for the renovation of the I.L.U. cosmetics store in Kristiine Centre, the updated opening of which is planned for August. In the first quarter, the Ülemiste I.L.U. cosmetics store was renovated: the sales area was increased by almost half to 460 square metres. The NYX make-up shop-in shop with a separate entrance was opened in the Ülemiste I.L.U. cosmetics store. In the real estate segment, the solar park built on the roof of Viimsi Centre was completed in the second quarter. In January, the underperforming WOW Selver was closed in Saaremaa, and in May, Punane Selver in Lasnamäe, Tallinn, closed as well.

As of 30 June 2023, the volume of assets of the Group was 636.5 million euros – a decrease of 1.3% compared to the results at the end of 2022 without considering the impact of IFRS 16.

By the end of the reporting period, the number of loyal customers was more than 711 thousand, which is 2.0% more than the year before. The proportion of loyal customers in the turnover of the Group was 85.3% (in the first half of 2022, it was 84.6%).

Selver supermarkets

In the first six months of 2023, the consolidated sales revenue of the supermarket business segment was 301.7 million euros, an increase of 6.5% as compared to the same period of the previous year. In the second quarter, the consolidated sales revenue was 154.5 million euros, an increase of 7.4% as compared to the same period of the previous year. The average sales revenue per square metre of selling space was 0.43 thousand euros per month in the first six months of 2023 and 0.44 thousand euros per month in the second quarter of 2023, which is respectively 7.2% and 7.3% more than in the same periods of the previous year. From the point of view of comparable stores, the revenue from the sale of goods per square metre of selling space was 0.44 thousand euros in the first half of the year and 0.45 thousand euros in the second quarter, an increase of 8.8% and 10.6% respectively, compared to the reference period. In the first half of 2023, 21.7 million purchases were made from the stores, which was 3.5% more than in the reference year.

In the second quarter of 2023, both pre-tax profit and net profit were 4.6 million euros, which was 1.5 million euros more than in the reference period. The consolidated pre-tax profit of the supermarket segment in the first half of the year was 6.3 million euros, increasing by 0.9 million euros compared to the previous year. The

net profit in the first half of the year was 5.2 million euros, increasing compared to the previous year by 1.9 million euros. The difference between net profit and profit before income tax is due to the income tax paid on dividends – this year, the income tax on dividends was 1.0 million euros less than the year before.

The financial results of the first half of 2023 were affected by the turnover added from the opening of the Priisle and Tabasalu Selver supermarkets in Tallinn in 2022 and the lost turnover due to the closure of WOW Selver in Saaremaa in January and the closure of Punane Selver in May. The temporary closure of Ringtee Selver in Tartu and the temporary suspension of sales of the largest Selver store in Tallinn, Järve, due to renovation works also had a significant impact. All the projects listed above have also involved one-time costs and investments. The turnover results of the supermarket segment continue to be affected by accelerated inflation. The significant increase in the price of food products has changed the buying habits of customers and keeps the volume sales of goods below the level of last year. The decline in volume sales stopped at the end of the second quarter. The warm weather had a positive effect on the sale of seasonal goods while the demand for industrial goods that are not essential on a daily basis is more modest. Expenditures on energy carriers are at the level of last year thanks to the implementation of savings opportunities and stabilisation of prices. At the same time, the sharp and high increase in energy prices and raw material prices that started at the beginning of 2022 has raised almost all expenses. Price increases, despite the search and implementation of savings opportunities, have a significant impact on the financial result. The growth of labour costs in the supermarket segment has been 12% in the first half of the year, exceeding the growth rate of sales revenue. On the one hand, this has resulted from the general pressure to raise wages, but there has also been a constant search for ways to increase the efficiency of work processes, reduce working hours, and thereby increase employee wages.

The sales revenue of e-commerce decreased due to the higher reference base in the first quarter. However, in the second quarter, the sales revenue of the e-commerce returned to growth, exceeding the sales revenue of last year by more than 25%. At the beginning of 2023, e-Selver earned two titles in the public survey organised by the Estonian Ecommerce Association: the title of the best e-store in the category of food e-stores and the title of the people's favourite e-store in general.

The rapid decline in the production volume of Kulinaaria OÜ, which belongs to the supermarket segment, which started in the second half of last year, slowed down in the first quarter, and in the second half of the second quarter, it has begun to rapidly approach the volume of the reference period. An important goal of Selveri Köök is the continuous development of new products, keeping up with the change in consumption habits and constantly offering customers new tastes. At the beginning of May, the food magazine *Oma Maitse* chose our seafood risotto and strawberry-pistachio curd cake among its favourites. The same products were also recognised in the Eesti Parim Toiduaine 2023 (Estonia's Best Food 2023) competition. When it comes to packaging, Kulinaaria OÜ has completely switched to salad boxes made of 100% recycled material, which ensure food safety and hygiene and require less plastic to produce.

Selver has renovated two stores this year. In February, the renovated Ringtee Selver in Tartu was reopened to customers and in May, the largest store of the Selver chain, Järve Selver, was reopened in Tallinn. In July, the renovation of the Solaris Grocery Store in Tallinn will begin and one new store is planned to open in the second half of the year. In the first quarter, fourteen Selver stores started issuing identity documents issued by the Police and Border Guard Board. By the end of the second quarter, this number had reached 40.

As at the end of March, the supermarket segment includes 70 Selver stores, one Delice store, Solaris food store, Rändpood store, and a cafe, with a total sales area of 116.2 thousand m²; additionally, e-Selver, which is an e-store with the largest service area in Estonia, and the central kitchen Kulinaaria OÜ.

Department stores

The sales revenue of the Kaubamaja department stores business segment for the six months of 2023 was 51.7 million euros, exceeding the sales of the same period last year by 6.7%. The sales revenue of the second quarter was 27.0 million euros, which exceeded the result of the comparable period last year by 0.7%. The pre-tax profit of the Kaubamaja department store segment for the six months of 2023 was 0.2 million euros, 61.2% lower than a year ago. In the second quarter, the pre-tax profit was 1.0 million euros, 55.9% less than last year.

The average sales revenue of Kaubamaja department stores per square metre of selling space was 0.3 thousand euros per month in the first six months, 6.4% higher than in the same period last year. Last year, the full-scale war that started in Ukraine on 24 February negatively affected sales in the second half of the first quarter. This spring, however, customer interest was high and the number of visits to stores was much higher than last year. The discount of winter season goods was affected by a warmer than average winter in the first six months of the year, which is why the discount percentages were higher this year, but the increased sales

volumes compensated for the lower margin and had a positive effect on the result. At the same time, the result of the second quarter was negatively affected by the construction works of the Old City Harbour tram line in the centre of Tallinn, which started at the beginning of April, as a result of which most of the intersections surrounding the Kaubamaja department store were closed by the beginning of July. Pedestrians were also affected. Therefore, the Group offered higher discount percentages for the summer campaign this year.

In the second quarter of 2023, the sales revenue of TKM Beauty Eesti OÜ, which operates the I.L.U. cosmetics stores, was 1.9 million euros, 24.1% more than in the second quarter of 2022. In the second quarter of 2023, the profit was 0.06 million euros, 0.02 million euros more than during the comparable period in 2022. The sales revenue of the first six months of 2023 was 3.6 million euros, 24.9% more than during the same period of 2022. In the first six months of 2023, profit was 0.1 million euros, 0.08 million euros more than during the comparable period in 2022. The good sales result of the second quarter was driven by the newly renovated I.L.U. cosmetics store in Ülemiste Centre. All other stores also grew with the support of successful marketing campaigns. Preparatory work for the renovation of the store in Kristiine Centre began, the updated opening of which is planned for August.

The 2022 reference base of the Kaubamaja department store segment was affected by the closure of shoe stores operated by TKM King AS in the second quarter of 2022. The sales revenue of the shoe stores in the first half of 2022 was 2.0 million euros and the profit, 0.02 million euros. The sales revenue for the second quarter of 2022 was 0.7 million euros and the profit, 0.4 million euros. By the end of the second quarter of 2022, all ABC KING and SHU shoe stores operated by TKM King AS were closed, the lease agreements with the centres were terminated, and the employees of the stores were laid off.

Car trade

The sales revenue of the car trade segment for the first half of 2023 was 97.6 million euros, increasing by 34.4% compared to the same period last year. The sales revenue of 55.9 million euros in the second quarter was 44.7% higher than the sales revenue of the second quarter of 2022. During the first six months, a total of 3,169 new vehicles were sold, 1,708 of them in the second quarter. The net profit of the segment in the first half of 2023 was 6.6 million euros, exceeding the profit of the same period of the previous year by 1.7 million euros. The pre-tax profit of the segment in the first half of 2023 was 7.7 million euros, exceeding the profit for the first half of 2022 by 2.5 million euros. The pre-tax profit of the second quarter of 2023 was 4.7 million euros, which is 1.6 million euros more than the profit of the same period of the year before.

Regarding the first half and second quarter of 2023, it can be said in summary that the supply of new vehicles has improved both in terms of brands represented by the Group and by competitors. The sales of the Kia importer to the contracted dealers of Kia increased by 16% and profitability was also affected by the significantly improved availability of the Kia Sorento and the EV6 electric car. On the one hand, the improvement of the situation has made it possible to increase sales. On the other hand, however, price pressure has increased. The sales success in the second quarter is thanks to large-scale sales to fleet customers and car rental companies, such as Bolt, Citybee, and Herz. After-sales services and body repair departments are working at full capacity, as the fleet of brands sold by the Group has been constantly growing. The increase in the price of new cars has led to a greater interest in used cars. An increase in interest in electric cars and plug-in hybrid vehicles can also be seen.

The Group obtained the right to start selling new Škoda vehicles in Lithuania. The new Škoda Superb mid-class sedan and the KIA EV9 electric SUV are expected to hit the market in the near future.

Security segment

The sales revenue of the security segment outside the Group in the first half of 2023 was 6.4 million euros, increasing by 40.3% in comparison with the same period of last year. The pre-tax profit of the segment in the first half of the year was 0.1 million euros, increasing by 0.1 million euros compared to the same period last year. The sales revenue of the segment outside the Group in the second quarter of 2023 was 3.5 million euros, increasing by 55.1% compared to the same period last year. The pre-tax profit of the second quarter of the segment was 0.1 million euros, increasing by 0.03 million euros compared to the same period last year.

The second quarter was successful for all business areas of the security segment and both turnover and profit increased. Fallen energy prices had a positive effect on profits, but the pressure for other input prices to increase remains strong. The risks of customers and cooperation partners ending up in payment difficulties have increased.

In May, an agreement was signed to acquire a 100% stake in Skarabeus Julgestusteenistus OÜ and at the beginning of July, the necessary approval for the transaction was received from the Competition Authority. Skarabeus Julgestusteenistus OÜ is a pan-Estonian security company with departments in Tallinn, Tartu, Pärnu, and Central Estonia, which provides manned security, patrol, and technical security services. The turnover of the company in 2022 was 3.1 million euros and the company employs 168 people. The acquisition of the stake in Skarabeus Julgestusteenistus OÜ enables the security segment to strengthen its business activities in all areas by providing positive synergy through the integration of strong industry know-how, increased operational capacity, and cost efficiency. The transaction creates an opportunity to continue successful growth and develop new services.

Real estate

The sales revenue of the real estate segment outside the Group was 3.2 million euros in the first six months of 2023. Sales revenue increased by 5.8% compared to the same period the previous year. The sales revenue of the segment outside the Group in the second quarter was 1.6 million euros. Sales revenue increased by 5.5% compared to the previous year. The pre-tax profit of the real estate segment in the first half of 2023 was 5.5 million euros, with the profit increasing by 0.8%. The pre-tax profit of the second quarter of the segment was 3.0 million euros. Pre-tax profit increased by 7.5% over the comparison period.

The number of visitors to the shopping centres belonging to the segment, which at the end of last year due to the uncertainty in the economy turned into a decline, has again shown strong growth since the beginning of the year. This has been supported by high-quality and inspiring marketing campaigns to highlight the good reputation of the centres for both high-quality product selection and service. The success of the centres in both Estonia and Latvia has contributed to the growth of the sales revenue of the segment in the first half of the year. In May, a car wash operated by an external party was opened in the immediate vicinity of Peetri Selver.

The profit of the segment is greatly affected by the increase in the cost of loan money due to the increase in interest rates in the euro area intended by the European Central Bank to tighten monetary policy, as the majority of the loan portfolio of the Group is concentrated in the real estate segment. The interest expense has multiplied compared to the reference base of a year ago. The increase in profit in the second quarter was affected by a one-time fine due to the early termination of a lease agreement.

The construction of the Viimsi Centre solar energy park, which started at the end of last year, was completed in May. This is the second building of the Group that has an electricity generation plant installed on its roof where the produced electricity is mainly used for the building itself.

Personnel

The Group's average number of employees in the first half of 2023 was 4,686, down 0.1% compared to the same period in 2022. Total staff costs (payroll costs and social security contributions) for the first six months of 2023 amounted to 52.7 million euros, an increase of 14.0% compared to the same period of the previous year. In the second quarter, labour costs increased by 12.5% year-on-year, while the average number of employees decreased by 5.7%.

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

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



Raul Puusepp
Chairman of the management board

Tallinn, 12 July 2023

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 second quarter and first 6 months of 2023 as set out on pages 14 - 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 company and the Group;
3. Tallinna Kaubamaja Grupp AS and its subsidiaries are going concerns.



Raul Puusepp
Chairman of the management board

Tallinn, 12 July 2023

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros

	Note	30.06.2023	31.12.2022
ASSETS			
Current assets			
Cash and cash equivalents	2	12,947	22,436
Trade and other receivables	3	22,878	27,200
Inventories	5	93,209	89,194
Total current assets		129,034	138,830
Non-current assets			
Long-term receivables and prepayments	8	307	299
Investments in associates	7	1,702	1,722
Investment property	9	63,860	63,623
Property, plant and equipment	10	419,262	420,600
Intangible assets	11	22,374	21,723
Total non-current assets		507,505	507,967
TOTAL ASSETS		636,539	646,797
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings	12	45,178	97,107
Trade and other payables	13	99,803	111,449
Total current liabilities		144,981	208,556
Non-current liabilities			
Borrowings	12	258,274	190,825
Deferred tax liabilities	14	5,299	5,299
Provisions for other liabilities and charges		575	458
Total non-current liabilities		264,148	196,582
TOTAL LIABILITIES		409,129	405,138
Equity			
Share capital	15	16,292	16,292
Statutory reserve capital		2,603	2,603
Revaluation reserve		105,750	106,981
Retained earnings		102,765	115,783
TOTAL EQUITY		227,410	241,659
TOTAL LIABILITIES AND EQUITY		636,539	646,797

The notes presented on pages 19 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	II quarter 2023	II quarter 2022	6 months 2023	6 months 2022
Revenue	16	242,465	212,996	460,548	411,919
Other operating income		528	535	860	862
Cost of merchandise	5	-176,409	-153,471	-334,982	-299,784
Service expenses	17	-14,230	-14,377	-30,125	-29,014
Staff costs	18	-26,869	-23,881	-52,721	-46,228
Depreciation, amortisation and impairment losses	10,11	-10,212	-9,779	-20,278	-19,421
Other expenses		-190	-174	-583	-487
Operating profit		15,083	11,849	22,719	17,847
Finance income		15	1	16	2
Finance costs		-2,291	-1,232	-4,097	-2,391
Finance income on shares of associates accounted for using the equity method	7	41	44	110	102
Profit before tax		12,848	10,662	18,748	15,560
Income tax expense	15	-1	-1	-5,301	-4,480
NET PROFIT FOR THE FINANCIAL YEAR		12,847	10,661	13,447	11,080
Other comprehensive income: <i>Items that will not be subsequently reclassified to profit or loss</i>					
Other comprehensive income for the financial year		0	0	0	0
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		12,847	10,661	13,447	11,080
Basic and diluted earnings per share (euros)	19	0.32	0.26	0.33	0.27

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

The notes presented on pages 19 to 36 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

In thousands of euros

	Note	6 months 2023	6 months 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit		13,447	11,080
<i>Adjustments:</i>			
<i>Income tax on dividends</i>	15	5,299	4,479
<i>Interest expense</i>		4,097	2,391
<i>Interest income</i>		-16	-2
<i>Depreciation, amortisation</i>	10, 11	20,195	19,413
<i>Loss on write-off property, plant and equipment</i>	10	83	8
<i>Profit on sale of property, plant and equipment</i>	10	-15	-37
<i>Effect of equity method</i>	7	-110	-102
<i>Interest paid on lease liabilities</i>	12	-1,747	-1,729
Change in inventories		-4,607	-4,081
Change in receivables and prepayments related to operating activities		4,613	1,662
Change in liabilities and prepayments related to operating activities		-11,950	-17,967
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		29,289	15,115
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	10	-11,973	-6,018
Proceeds from sale of property, plant and equipment	10	142	80
Purchase of investment property	9	-237	-83
Purchase of intangible assets	11	-819	-514
Business combination	6	-596	0
Cash acquired from business combination	6	52	0
Dividends received	7	130	100
Interest received		16	2
TOTAL CASH FLOWS USED IN INVESTING ACTIVITIES		-13,285	-6,433
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	12	30,488	14,481
Repayments of borrowings	12	-11,298	-8,459
Change in overdraft balance	12	-649	10,115
Payments of principal or leases	12	-8,654	-8,526
Proceeds from government grant	10	0	133
Dividends paid	15	-27,695	-27,695
Income tax on dividends paid	15	-5,299	-4,479
Interest paid		-2,386	-687
TOTAL CASH FLOWS USED IN FINANCING ACTIVITIES		-25,493	-25,117
TOTAL CASH FLOWS		-9,489	-16,435
Cash and cash equivalents at the beginning of the period	2	22,436	29,981
Cash and cash equivalents at the end of the period	2	12,947	13,546
Net change in cash and cash equivalents		-9,489	-16,435

The notes presented on pages 19 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	Retained earnings	Total
Balance as of 31.12.2021	16,292	2,603	109,543	111,432	239,870
Net loss for the reporting period	0	0	0	11,080	11,080
Total comprehensive loss for the reporting period	0	0	0	11,080	11,080
Reclassification of depreciation of revalued land and buildings	0	0	-1,312	1,312	0
Dividends declared	0	0	0	-27,696	-27,696
Total transactions with owners	0	0	0	-27,696	-27,696
Balance as of 30.06.2022	16,292	2,603	108,231	96,128	223,254
Net profit for the reporting period	0	0	0	29,485	29,485
Total comprehensive income for the reporting period	0	0	0	29,485	29,485
Reclassification of depreciation of revalued land and buildings	0	0	-2,562	2,562	0
Dividends declared	0	0	0	-27,696	-27,696
Total transactions with owners	0	0	0	-27,696	-27,696
Balance as of 31.12.2022	16,292	2,603	106,981	115,783	241,659
Net profit for the reporting period	0	0	0	13,447	13,447
Total comprehensive income for the reporting period	0	0	0	13,447	13,447
Reclassification of depreciation of revalued land and buildings	0	0	-1,231	1,231	0
Dividends declared	0	0	0	-27,696	-27,696
Total transactions with owners	0	0	0	-27,696	-27,696
Balance as of 30.06.2023	16,292	2,603	105,750	102,765	227,410

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

The notes presented on pages 19 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 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 2022. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The presentation currency of Tallinna Kaubamaja Group is euro. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of each of the Group's entities is euro.

All amounts disclosed in the financial statements have been rounded to the nearest thousand unless referred to otherwise.

The Manager is of the opinion that the Condensed Consolidated Interim Report of the Group for the second quarter and first 6 months of 2023 gives a true and fair view of the Company's performance in accordance with the going-concern concept.

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

Note 2. Cash and cash equivalents

In thousands of euros

	30.06.2023	31.12.2022
Cash on hand	1,057	1,294
Bank accounts	11,080	19,707
Cash in transit	810	1,435
Total cash and cash equivalents	12,947	22,436

Note 3. Trade and other receivables

In thousands of euros

	30.06.2023	31.12.2022
Trade receivables (Note 4)	17,071	19,822
Other short-term receivables	875	570
Total financial assets from balance sheet line "Trade and other receivables"	17,946	20,392
Prepayment for goods	3,175	5,250
Other prepaid expenses	1,702	1,510
Prepaid rental expenses	12	10
Prepaid taxes (Note 14)	43	38
Total trade and other receivables	22,878	27,200

Note 4. Trade receivables

In thousands of euros

	30.06.2023	31.12.2022
Trade receivables	14,671	16,509
Allowance for doubtful receivables	-13	-13
Receivables from related parties (Note 20)	404	408
Credit card payments (receivables)	2,009	2,918
Total trade receivables	17,071	19,822

Note 5. Inventories

In thousands of euros

	30.06.2023	31.12.2022
Goods purchased for resale	92,516	88,460
Tare and materials	693	734
Total inventories	93,209	89,194

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

In thousands of euros

	II quarter 2023	II quarter 2022	6 months 2023	6 months 2022
Write-down and write-off of inventories	2,899	2,539	5,752	5,511
Inventory stocktaking deficit	1,186	574	1,967	1,196
Total materials and consumables used	4,085	3,113	7,719	6,707

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

Note 6. Subsidiaries

Tallinna Kaubamaja Group consists of:

Name	Location	Area of activity	Ownership 30.06.2023	Year of acquisition or foundation
Selver AS	Estonia, Tallinn	Retail trade	100%	1995
Tallinna Kaubamaja Kinnisvara AS	Estonia, Tallinn	Real estate management	100%	1999
Tartu Kaubamaja Kinnisvara OÜ	Estonia, Tartu	Real estate management	100%	2004
SIA TKM Latvija	Latvia, Riga	Real estate management	100%	2006
TKM Auto OÜ	Estonia, Tallinn	Commercial and finance activities	100%	2007
KIA Auto AS	Estonia, Tallinn	Wholesale trade	100%	2007
Forum Auto SIA	Latvia, Riga	Retail trade	100%	2007
KIA Auto UAB	Lithuania, Vilnius	Retail trade	100%	2007
TKM Beauty OÜ	Estonia, Tallinn	Retail trade	100%	2007
TKM Beauty Eesti OÜ	Estonia, Tallinn	Retail trade	100%	2007
Kaubamaja AS	Estonia, Tallinn	Retail trade	100%	2012
Kulinaaria OÜ	Estonia, Tallinn	Centre kitchen activities	100%	2012
Viking Motors AS	Estonia, Tallinn	Retail trade	100%	2012
Viking Security AS	Estonia, Tallinn	Security activities	100%	2014
UAB TKM Lietuva	Lithuania, Vilnius	Real estate management	100%	2017
Verte Auto SIA	Latvia, Riga	Retail trade	100%	2017
TKM Finants AS	Estonia, Tallinn	Commercial and finance activities	100%	2020
Walde AS	Estonia, Tallinn	Security activities	100%	2023

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

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

Business combinations in 2023:

Name	Location	Area of activity	Acquisition date	Ownership %
Walde AS	Estonia	Security activities	15.02.2023	100%

Tallinna Kaubamaja Grupp AS acquired in 2023 year 100% of the shares of AS Walde. AS Walde is a wholesaler of security systems, which is a certified distributor of 2N Telekomunikace, Honeywell and Anixter equipment, among others.

The acquisition of the shareholding of AS Walde enables Tallinna Kaubamaja Grupp to further strengthen its field of security services, which has been one of the Tallinna Kaubamaja Grupp's fastest growing business lines in recent years. The transaction creates opportunities to bring new products to the market and develop security system wholesale operations. The business of Walde AS will continue in its current form, and there will be no changes in the composition of Walde AS's employees in connection with the transaction.

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

in thousands of euros	Fair value
Cash and cash equivalents	52
Trade receivables	300
Inventories	349
Property, plant and equipment	23
Trademark (Note 11)	153
Liabilities	-132
Total identifiable net assets	745
Consideration of ownership interest	745
Paid for ownership interest in cash	596
Payable in future for the ownership interest in cash	149
Cash and cash equivalents in the acquired entity	-52
Net outflow of cash – investing activities	-544
Payable in future for the ownership interest in cash	149

In the course of the transaction, a trademark of 153 thousand euros was acquired. (Note 11).

Note 7. Investments in associates

Tallinna Kaubamaja Grupp AS has ownership of 50% (2022: 50%) interest in the entity AS Rävåla Parkla which provides the services of a parking house in Tallinn. The investment has been classified as associated company because the other owner has the power to appoint the members of supervisory board.

In thousands of euros

	30.06.2023	31.12.2022
Investment in the associate at the beginning of the year	1,722	1,745
Profit for the reporting period under equity method	110	197
Dividends received	-130	-220
Investment in the associate at the end of the accounting period	1,702	1,722

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

	30.06.2023		31.12.2022	
Current assets	94		76	
Non-current assets	3,406		3,425	
Current liabilities	98		57	
Owner's equity	3,402		3,444	
	II quarter 2023	II quarter 2022	6 months 2023	6 months 2022
Revenue	138	135	248	270
Net profit	80	89	195	205

Note 8. Long-term trade and other receivables

In thousands of euros

	30.06.2023		31.12.2022	
Prepaid rental expenses	206		198	
Deferred tax asset	33		33	
Other long-term receivables	68		68	
Total long-term trade and other receivables	307		299	

Note 9. Investment property

In thousands of euros

Carrying value as at 31.12.2021	62,690
Purchases and improvements	280
Net loss from fair value adjustment	653
Carrying value as at 31.12.2022	63,623
Purchases and improvements	237
Carrying value as at 30.06.2023	63,860

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

The cost of investments for the 6 months of 2023 amounted to 237 thousand euros (2022: 280 thousand euros).

During the reporting period, construction works on the roof of the building for the establishment of a solar energy production park of the Estonian real estate object in the Viimsi center amounted to 237 thousand euros.

In 2022, renovation work was carried out for investment property in Estonia, in Tartu Kaubamaja 191 thousand euros and in Viimsi Centre 21 thousand euros. In 2022, renovation work was carried out for investment property in Latvia, Ogre for 68 thousand euros.

No fair value change of investment property was identified in 2023.

Note 10. Property, plant and equipment

In thousands of euros

	Land and buildings	Right-of use-assets: retail properties	Machine ry and equip-ment	Other fixtures and fittings	Construc-tion and projects in progress	Total
31.12.2021						
Cost or revalued amount	194,343	221,083	60,362	52,949	31,878	560,615
Accumulated depreciation and impairment	0	-50,464	-34,976	-34,846	-9,066	-129,352
Carrying value	194,343	170,619	25,386	18,103	22,812	431,263
Changes occurred in 2022						
Purchases and improvements	970	0	119	976	12,861	14,926
Addition to right-of use assets	0	5,959	0	0	0	5,959
Reclassification of property, plant and equipment between groups of fixed assets	10,052	0	5,969	5,119	-21,140	0
Other reclassifications	0	0	328	0	0	328
Reclassification to intangible assets (Note 11)	0	0	0	0	-218	-218
Reclassification to inventory	0	0	-395	0	0	-395
Reclassification to property, plant and equipment from inventory	0	0	2,386	1	7	2,394
Disposals	0	0	-43	-6	0	-49
Write-offs	-6	0	-24	-25	0	-55
Decrease/increase in value through profit or loss	0	0	0	18	208	226
Adjustment to right-of use assets	0	4,942	0	0	0	4,942
Depreciation	-6,721	-19,384	-6,532	-6,084	0	-38,721
31.12.2022						
Cost or revalued amount	204,394	231,984	66,127	55,761	23,389	581,655
Accumulated depreciation and impairment	-5,756	-69,848	-38,933	-37,659	-8,859	-161,055
Carrying value	198,638	162,136	27,194	18,102	14,530	420,600
Changes occurred in 2023						
Purchases and improvements	1,232	0	4,208	3,494	3,039	11,973
Acquired through business combinations (Note 6)	0	0	4	0	0	4
Addition to right-of use assets	0	215	0	0	0	215
Other reclassifications	0	0	177	0	0	177
Reclassification to inventory	0	0	-155	0	0	-155
Reclassification to property, plant and equipment from inventory	0	0	1,088	0	8	1,096
Disposals	-20	0	-103	-4	0	-127
Write-offs	-25	0	-34	-24	0	-83
Adjustment to right-of use assets	0	5,417	0	0	0	5,417
Depreciation	-3,439	-9,698	-3,490	-3,228	0	-19,855
30.06.2023						
Cost or revalued amount	205,261	237,616	69,388	58,543	26,436	597,244
Accumulated depreciation and impairment	-8,875	-79,546	-40,499	-40,203	-8,859	-177,982
Carrying value	196,386	158,070	28,889	18,340	17,577	419,262

The cost of investments for the 6 months of 2023 amounted to 12,792 thousand euros (including purchases of property, plant and equipment in the amount of 11,973 thousand euros and purchases of intangible assets amounted to 819 thousand euros).

The cost of purchases of property, plant and equipment made in reporting period in the supermarkets business segment was 9,516 thousand euros. During the reporting period, Ringtee Selver in Tartu and Järve Selver in Tallinn which is offering the largest selection of groceries in Estonia, underwent a thorough renovation. The stores were transferred to Selver's new energy-saving technical systems and new interior design concept.

During the reporting period, computing equipment was acquired and Selver's store furnishings and equipment were updated.

The cost of purchases of property, plant and equipment in the business segment of department stores amounted to 998 thousand euros. During the reporting period, a completely renovated I.L.U. beauty shop in Ülemiste center was opened. Store furnishings and equipment were renewed during the reporting period.

The cost of purchases of property, plant and equipment in the reporting period was 522 thousand euros in the car trade business segment.

The cost of purchases of property, plant and equipment in the reporting period was 171 thousand euros in the security business segment.

The cost of purchases of property, plant and equipment in the real estate business segment amounted to 766 thousand euros. During the reporting period, real estate companies have made investments for more accurate measurement and management of the energy consumption of technical systems. Design work for the new Selver is underway in Tartu.

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

Note 11. Intangible assets

In thousands of euros

	Goodwill	Trademark	Beneficial agreements	Capitalised development expenditure	Total
31.12.2021					
Cost	16,869	5,599	120	3,394	25,982
Accumulated amortisation and impairment	0	-4,098	-14	-1,586	-5,698
Carrying value	16,869	1,501	106	1,808	20,284
Changes occurred in 2022					
Purchases and improvements	0	0	0	1,764	1,764
Reclassification to property, plant and equipment	0	0	0	-21	-21
Reclassification from property, plant and equipment (Note 10)	0	0	0	218	218
Amortisation	0	-273	-17	-232	-522
31.12.2022					
Cost	16,869	2,091	120	5,355	24,435
Accumulated amortisation and impairment	0	-863	-31	-1,818	-2,712
Carrying value	16,869	1,228	89	3,537	21,723
Changes occurred in 2023					
Purchases and improvements	0	0	0	819	819
Acquired through business combinations (Note 6)	0	153	0	19	172
Amortisation	0	-144	-9	-187	-340
30.06.2023					
Cost	16,869	2,243	120	6,194	25,426
Accumulated amortisation and impairment	0	-1,006	-40	-2,006	-3,052
Carrying value	16,869	1,237	80	4,188	22,374

During the reporting period, the Group capitalised costs of a web page update, loyalty card web page update, loyalty card - Monthly Card, e-shop as development expenditure and development of services were in the amount of 819 thousand euros (2022: 1,764 thousand euros).

Trademark at value of 180 thousand euros was acquired in 2014 through purchase of Viking Security AS shares. Trademark will be amortised during 7 years. Trademark has been fully amortised in 2021, but its use will continue.

Trademark at value of 1,911 thousand euros was acquired in 2020 through purchase of ABC Supermarkets AS shares. Trademark will be amortised during 7 years.

In 2021, Viking Security AS acquired from P.Dussmann Eesti OÜ its security services business in Estonia together with the assets and agreements belonging to it. Beneficial agreements at value of 120 thousand euros were acquired together with security services business. Beneficial agreements will be amortised during 7 years.

Trademark at value of 153 thousand euros was acquired in 2023 through purchase of AS Walde 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	30.06.2023	31.12.2022
Supermarkets	13,609	13,609
Car trade	3,156	3,156
Security	104	104
Total	16,869	16,869

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

Note 12. Borrowings

In thousands of euros

	30.06.2023	31.12.2022
Short-term borrowings		
Overdraft	14,573	15,222
Bank loans	18,380	60,747
Lease liabilities	8,805	17,433
Other borrowings	3,420	3,705
Total short-term borrowings	45,178	97,107

In thousands of euros

	30.06.2023	31.12.2022
Long-term borrowings		
Bank loans	87,155	28,320
Lease liabilities	159,816	154,210
Other borrowings	11,303	8,295
Total long-term borrowings	258,274	190,825
Total borrowings	303,452	287,932

Borrowings received

In thousands of euros

	II quarter 2023	II quarter 2022	6 months 2023	6 months 2022
Overdraft	0	2,136	0	10,115
Bank loans	14,043	8,320	25,421	13,320
Other borrowings	3,894	672	5,067	1,161
Total borrowings received	17,937	11,128	30,488	24,596

Borrowings paid

In thousands of euros

	II quarter 2023	II quarter 2022	6 months 2023	6 months 2022
Overdraft	9,777	0	649	0
Bank loans	1,851	4,248	8,953	6,598
Lease liabilities	4,323	4,191	8,654	8,526
Other borrowings	1,211	1,025	2,345	1,861
Total borrowings paid	17,162	9,464	20,601	16,985

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

As of 30.06.2023, the repayment dates of bank loans are between 30.07.2023 and 15.06.2028 (2022: between 25.03.2023 and 07.12.2027), interest is tied both to 3-month and 6-month EURIBOR. The Group also has contracts with fixed interest rate. Weighted average interest rate was 4.43% (2022: 2.78%).

Lease agreements that form lease liabilities have been concluded for the term until 14.04.2040. The lease obligation recognised in the balance sheet is recognised in accordance with IFRS 16, the discount uses an alternative loan interest rate at the time of the settlement or the initial application of IFRS 16. Weighted average interest rate used was 1.97% (31.12.2022: 1.97%).

Net debt reconciliation

In thousands of euros

	30.06.2023	31.12.2022
Cash and cash equivalents (Note 2)	12,947	22,436
Short-term borrowings	-45,178	-97,107
Long-term borrowings	-258,274	-190,825
Net debt	-290,505	-265,496
Cash and cash equivalents (Note 2)	12,947	22,436
Gross debt – fixed interest rates	-174,522	-177,825
Gross debt – variable interest rates	-128,930	-110,107
Net debt	-290,505	-265,496

	Cash and cash equivalents	Overdraft	Borrowings	Lease liabilities	Total
Net debt 31.12.2021	29,981	-7,308	-94,232	-177,811	-249,370
Cash flow (principal and interest)	-7,545	-7,914	-5,218	20,636	-41
Interest accrued	0	0	-1,617	-3,567	-5,184
New lease contracts	0	0	0	-5,959	-5,959
Revaluation of lease liabilities	0	0	0	-4,942	-4,942
Net debt 31.12.2022	22,436	-15,222	-101,067	-171,643	-265,496
Cash flow (principal and interest)	-9,489	649	-18,213	10,401	-16,652
Interest accrued	0	0	-978	-1,747	-2,725
New lease contracts	0	0	0	-215	-215
Revaluation of lease liabilities	0	0	0	-5,417	-5,417
Net debt 30.06.2023	12,947	-14,573	-120,258	-168,621	-290,505

Note 13. Trade and other payables

In thousands of euros

	30.06.2023	31.12.2022
Trade payables	69,238	79,551
Payables to related parties (Note 20)	3,186	3,132
Other accrued expenses	215	209
Prepayments by tenants	3,485	3,501
Total financial liabilities from balance sheet line "Trade and other payables"	76,124	86,393
Taxes payable (Note 14)	9,780	10,365
Employee payables	10,719	11,059
Prepayments	3,144	3,433
Short-term provisions*	36	199
Total trade and other payables	99,803	111,449

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

Note 14. Taxes

In thousands of euros

	30.06.2023		31.12.2022	
	Prepaid taxes	Taxes payable	Prepaid taxes	Taxes payable
Prepaid taxes	43	0	38	0
Value added tax	0	3,827	0	4,635
Personal income tax	0	1,647	0	1,554
Social security taxes	0	3,896	0	3,745
Corporate income tax	0	34	0	67
Unemployment insurance	0	257	0	246
Mandatory funded pension	0	119	0	118
Total taxes	43	9,780	38	10,365

As of 30.06.2023, deferred tax liability on dividends in the amount of 5,299 thousand euros (31.12.2022: 5,299 thousand euros) is recorded in the balance sheet.

Note 15. Share capital

As of 30.06.2023 and 31.12.2022, 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 2023, dividends were paid to the shareholders in the amount of 27,695 thousand euros, or 0.68 euros per share. Related income tax expense on dividends amounted to 5,299 thousand euros.

In 2022, dividends were paid to the shareholders in the amount of 27,646 thousand euros, or 0.68 euros per share. Related income tax expense on dividends amounted to 4,479 thousand euros.

Note 16. Segment reporting

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

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

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

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

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

In thousands of euros

II quarter 2023	Super markets	Department store	Car trade	Security	Real estate	Inter-segment transactions	Impact of lease accounting	Total segments
External revenue	154,455	27,018	55,853	3,523	1,616	0	0	242,465
Inter-segment revenue	517	1,115	103	1,618	3,647	-7,000	0	0
Total revenue	154,972	28,133	55,956	5,141	5,263	-7,000	0	242,465
EBITDA	7,993	2,033	5,260	190	4,613	0	5,206	25,295
Segment depreciation and impairment losses	-3,065	-710	-310	-111	-1,160	0	-4,856	-10,212
Operating profit	4,928	1,323	4,950	79	3,453	0	350	15,083
Finance income	234	363	65	1	334	-982	0	15
Finance income on shares of associates	0	41	0	0	0	0	0	41
Finance costs	-517	-770	-292	-24	-787	982	-883	-2,291
Income tax	0	0	-1	0	0	0	0	-1
Net profit/(-loss)	4,645	957	4,722	56	3,000	0	-533	12,847
incl. in Estonia	4,645	957	3,525	56	2,891	0	-533	11,541
incl. in Latvia	0	0	467	0	132	0	0	599
incl. in Lithuania	0	0	730	0	-23	0	0	707
Segment assets	147,329	97,130	55,891	5,450	286,197	-113,528	158,070	636,539
Segment liabilities	120,103	71,017	33,901	4,935	94,318	-83,766	168,621	409,129
Segment investments in property, plant and equipment	6,257	257	255	81	43	0	0	6,893
Segment investments in intangible assets	0	467	0	11	0	0	0	478

In thousands of euros

II quarter 2022	Super markets	Department store	Car trade	Security	Real estate	Inter-segment transactions	Impact of lease accounting	Total segments
External revenue	143,772	26,817	38,603	2,272	1,532	0	0	212,996
Inter-segment revenue	474	1,050	153	1,469	3,615	-6,761	0	0
Total revenue	144,246	27,867	38,756	3,741	5,147	-6,761	0	212,996
EBITDA	6,046	2,836	3,405	122	4,149	0	5,070	21,628
Segment depreciation and impairment losses	-2,833	-639	-208	-88	-1,216	0	-4,795	-9,779
Operating profit/(-loss)	3,213	2,197	3,197	34	2,933	0	275	11,849
Finance income	76	99	26	0	57	-257	0	1
Finance income on shares of associates	0	44	0	0	0	0	0	44
Finance costs	-157	-170	-79	-4	-200	257	-879	-1,232
Income tax	-1	0	0	0	0	0	0	-1
Net profit/(-loss)	3,131	2,170	3,144	30	2,790	0	-604	10,661
incl. in Estonia	3,131	2,170	2,580	30	2,643	0	-604	9,950
incl. in Latvia	0	0	160	0	157	0	0	317
incl. in Lithuania	0	0	404	0	-10	0	0	394
Segment assets	143,892	80,177	45,919	3,979	284,444	-111,033	166,266	613,644
Segment liabilities	123,553	75,254	29,525	3,670	85,204	-101,301	174,485	390,390
Segment investments in property, plant and equipment	2,502	343	110	73	296	0	0	3,324
Segment investments in intangible assets	13	358	6	2	0	0	0	379

In thousands of euros

6 months 2023	Super markets	Department store	Car trade	Security	Real estate	Inter-segment transactions	Impact of lease accounting	Total segments
External revenue	301,683	51,729	97,578	6,377	3,181	0	0	460,548
Inter-segment revenue	835	2,218	209	3,093	7,287	-13,642	0	0
Total revenue	302,518	53,947	97,787	9,470	10,468	-13,642	0	460,548
EBITDA	12,790	2,117	8,688	359	8,642	0	10,401	42,997
Segment depreciation and impairment losses	-6,030	-1,400	-598	-212	-2,340	0	-9,698	-20,278
Operating profit	6,760	717	8,090	147	6,302	0	703	22,719
Finance income	460	601	79	1	529	-1,654	0	16
Finance income on shares of associates (Note 7)	0	110	0	0	0	0	0	110
Finance costs	-899	-1,234	-453	-37	-1,381	1,654	-1,747	-4,097
Income tax	-1,139	-228	-1,158	0	-2,776	0	0	-5,301
Net profit/(-loss)	5,182	-34	6,558	111	2,674	0	-1,044	13,447
incl. in Estonia	5,182	-34	4,808	111	2,508	0	-1,044	11,531
incl. in Latvia	0	0	662	0	206	0	0	868
incl. in Lithuania	0	0	1,088	0	-40	0	0	1,048
Segment assets	147,329	97,130	55,891	5,450	286,197	-113,528	158,070	636,539
Segment liabilities	120,103	71,017	33,901	4,935	94,318	-83,766	168,621	409,129
Segment investments in property, plant and equipment (Note 10)	9,516	998	522	171	766	0	0	11,973
Segment investments in intangible assets (Note 11)	0	802	0	17	0	0	0	819

In thousands of euros

6 months 2022	Super markets	Department store	Car trade	Security	Real estate	Inter-segment transactions	Impact of lease accounting	Total segments
External revenue	283,296	48,473	72,598	4,544	3,008	0	0	411,919
Inter-segment revenue	749	2,093	311	2,637	7,242	-13,032	0	0
Total revenue	284,045	50,566	72,909	7,181	10,250	-13,032	0	411,919
EBITDA	11,143	1,763	5,777	216	8,114	0	10,255	37,268
Segment depreciation and impairment losses	-5,624	-1,236	-400	-175	-2,433	0	-9,553	-19,421
Operating profit/(-loss)	5,519	527	5,377	41	5,681	0	702	17,847
Finance income	150	154	27	1	91	-421	0	2
Finance income on shares of associates (Note 7)	0	102	0	0	0	0	0	102
Finance costs	-273	-283	-154	-7	-366	421	-1,729	-2,391
Income tax	-2,144	-450	-428	-32	-1,426	0	0	-4,480
Net profit/(-loss)	3,252	50	4,822	3	3,980	0	-1,027	11,080
incl. in Estonia	3,252	50	4,003	3	3,686	0	-1,027	9,967
incl. in Latvia	0	0	144	0	313	0	0	457
incl. in Lithuania	0	0	675	0	-19	0	0	656
Segment assets	143,892	80,177	45,919	3,979	284,444	-111,033	166,266	613,644
Segment liabilities	123,553	75,254	29,525	3,670	85,204	-101,301	174,485	390,390
Segment investments in property, plant and equipment	3,196	1,846	208	126	510	0	0	5,886
Segment investments in intangible assets	13	493	6	2	0	0	0	514

External revenue according to types of goods and services sold

in thousands of euros

	II quarter 2022	II quarter 2021	6 months 2022	6 months 2021
Retail revenue	216,547	193,219	413,450	360,551
Wholesale revenue	14,276	9,992	25,424	20,080
Rental income	2,720	2,593	5,282	4,497
Revenue for rendering services	8,922	7,192	16,392	12,825
Total revenue	242,465	212,996	460,548	397,953

External revenue by client location

In thousands of euros

	II quarter 2023	II quarter 2022	6 months 2023	6 months 2022
Estonia	223,413	198,354	426,941	385,753
Latvia	9,519	7,678	17,398	13,632
Lithuania	9,533	6,964	16,209	12,534
Total	242,465	212,996	460,548	411,919

Distribution of non-current assets* by location of assets

In thousands of euros

	30.06.2023	31.12.2022
Estonia	471,306	471,397
Latvia	32,341	32,712
Lithuania	2,156	2,136
Total	505,803	506,245

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

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

Note 17. Services expenses

In thousands of euros

	II quarter 2023	II quarter 2022	6 months 2023	6 months 2022
Rental expenses	166	114	328	262
Heat and electricity expenses	2,976	3,854	7,715	7,813
Expenses related to premises	2,766	2,414	5,596	4,839
Cost of services and materials related to sales	1,863	1,931	3,761	3,934
Marketing expenses	2,078	2,077	4,066	4,175
Other operating expenses	1,236	1,246	2,585	2,328
Computer and communication costs	1,927	1,709	3,711	3,564
Expenses related to personnel	1,218	1,032	2,363	2,099
Total services expenses	14,230	14,377	30,125	29,014

Note 18. Staff costs

In thousands of euros

	II quarter 2023	II quarter 2022	6 months 2023	6 months 2022
Wages and salaries	20,405	18,134	40,031	35,110
Social security taxes	6,464	5,747	12,690	11,118
Total staff costs	26,869	23,881	52,721	46,228
Average wages per employee per month (euros)	1,461	1,287	1,425	1,249
Average number of employees in the reporting period	4,656	4,698	4,683	4,686

Note 19. Earnings per share

For calculating the basic earnings per share, the net profit to be distributed to the parent company'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.

	II quarter 2023	II quarter 2022	6 months 2023	6 months 2022
Net profit (in thousands of euros)	12,847	10,661	13,447	11,080
Weighted average number of shares	40,729,200	40,729,200	40,729,200	40,729,200
Basic and diluted earnings per share (euros)	0.32	0.26	0.33	0.27

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 company and the persons controlling or having significant influence over the parent company);
- associates;
- other entities in the parent company's consolidation the 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.

The parent company of Tallinna Kaubamaja Grupp AS is OÜ NG Investeeringud, which operates in Estonia. The majority shareholder of OÜ NG Investeeringud is NG Kapital OÜ, which operates in Estonia. NG Kapital OÜ is the ultimate controlling party of Tallinna Kaubamaja Grupp AS.

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

	Purchases 6 months 2023	Sales 6 months 2023	Purchases 6 months 2022	Sales 6 months 2022
Parent company	131	11	107	2
Entities in the parent company's consolidation the Group	18,431	1,681	14,601	1,834
Members of management and supervisory boards	0	6	0	15
Other related parties	9	8	2	20
Total	18,571	1,706	14,710	1,871

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

Balances with related parties:

	30.06.2023	31.12.2022
Receivables from entities in the in the parent company's consolidation the Group	401	401
Members of management and supervisory boards	3	7
Other related parties	0	0
Total receivables from related parties (Note 4)	404	408

	30.06.2023	31.12.2022
Parent company	24	21
Entities in the parent company's consolidation the Group	3,162	3,108
Other related parties	0	3
Total liabilities to related parties (Note 13)	3,186	3,132

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

Entities in the parent company consolidation the Group are important suppliers for the Group.

For arranging funding for its subsidiaries, the Group uses a group account, the members of which are most of the Group's entities. The Group, in turn, has merged as a subgroup with the group account of NG Investeeringud OÜ (hereinafter referred to as the main group). Since the autumn of 2001, Tallinna Kaubamaja Grupp has held its free funds at the disposal of the parent company, earning interest income on the placement. In 2023, the Group has not earned interest income on its deposits of available funds (2022: 0 euros). As of 30 June 2023 and 31 December 2022, Tallinna Kaubamaja Grupp has not deposited any available funds to the parent 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 1,943 thousand euros (2022 6 months: 1,715 thousand euros). Short-term benefits to supervisory boards' members of the Group in reporting period including social taxes amounted to 425 thousand euros (2022 6 months: 431 thousand euros).

The termination benefits for the members of the management board are limited to the salary expense of 3 months.