

TALLINNA KAUBAMAJA GRUPP AS

**Consolidated Interim Report for
the First quarter of 2019**
(unaudited)

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COMPANY PROFILE AND CONTACT DETAILS

The primary areas of activity of the companies of the Tallinna Kaubamaja Grupp AS (hereinafter referred to as the 'Tallinna Kaubamaja Group' or 'the Group') include retail and wholesale trade and rental activities. The Tallinna Kaubamaja Group employs more than 4,200 employees.

The Company is listed on the Tallinn Stock Exchange.

Registered office:	Kaubamaja 1 10143 Tallinn Republic of Estonia
Registry code:	10223439
Beginning of financial year:	1 January 2019
End of financial year:	31 December 2019
Beginning of interim report period:	1 January 2019
End of interim report period:	31 March 2019
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 Kõo (chairman of the supervisory board), Andres Järving, Enn Kunila, Gunnar Kraft and Meelis Milder. Members of Tallinna Kaubamaja Group supervisory board are elected for three years. The mandates of current supervisory board members Andres Järving, Jüri Kõo, Enn Kunila, Meelis Milder and Gunnar Kraft will expire on 19 May 2021. During the period between the general meetings the supervisory board plans actions of the company, organises management and accomplishes supervision over management actions. Regular supervisory board meetings are held at least 10 times in a year. In order to manage daily activities the supervisory board appoints member(s) of the management board of the Tallinna Kaubamaja Group in accordance with the Commercial Code. In order to elect a member of the management board, his or her consent is required. By the articles of association a member of the management board shall be elected for a specified term of three years. Extension of the term of office of a member of the management board shall not be decided earlier than one year before the planned date of expiry of the term of office, and not for a period longer than the maximum term of office prescribed by the articles of association. Currently the management board of Tallinna Kaubamaja Group has one member. The term of office of the management board member Raul Puusepp was extended on 17 February 2017 and his term of office expires on 6 March 2020.

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

Share market

Since 19 August 1997, the shares of Tallinna Kaubamaja Group have been listed in the main list of securities of the Tallinn Stock Exchange. Tallinna Kaubamaja Group has issued 40,729.2 thousand registered shares, each with the nominal value of 0.40 euros. The shares are freely transferable, no statutory restrictions apply. There are no restrictions on transfer of securities to the company as provided by contracts between the company and its shareholders. We do not have information about contracts between the shareholders restricting the transfer of securities. NG Investeeringud OÜ has direct significant participation. Shares granting special rights to their owners have not been issued.

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

The share with a price of 8.42 euros at the end of 2018 was closed in the end of March 2019 at the level of 9.52 euros, increased by 13.06%.

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

Share price and trading statistics on the Tallinn Stock Exchange from 01.01.2019 to 31.03.2019.

In euros



Company's structure

The following companies belong to the Group as of March 31, 2019:

	Location	Shareholding as of 31.03.2019	Shareholding as of 31.12.2018
Selver AS	Estonia	100%	100%
Kulinaaria OÜ	Estonia	100%	100%
Kaubamaja AS	Estonia	100%	100%
Viking Security AS	Estonia	100%	100%
Tartu Kaubamaja Kinnisvara OÜ	Estonia	100%	100%
Tallinna Kaubamaja Kinnisvara AS	Estonia	100%	100%
TKM Lietuva UAB	Lithuania	100%	100%
SIA TKM Latvija	Latvia	100%	100%
TKM Auto OÜ	Estonia	100%	100%
KIA Auto AS	Estonia	100%	100%
KIA Auto UAB	Lithuania	100%	100%
Forum Auto SIA	Latvia	100%	100%
Verte Auto SIA	Latvia	100%	100%
Viking Motors AS	Estonia	100%	100%
OÜ TKM Beauty	Estonia	100%	100%
OÜ TKM Beauty Eesti	Estonia	100%	100%
AS TKM King	Estonia	100%	100%
Rävala Parkla AS	Estonia	50%	50%

Economic environment

In 2018, the Estonian economy grew by 3.9%, showing a strong growth for the third year in a row. Significant drivers of economic growth were construction, the processing industry, and professional, scientific, and technical activity. In the opinion of different analysts, the growth of the gross domestic product will be up to 3.1% in 2019, mainly fed by domestic consumption. The slower growth of the number of people in employment compared to economic growth increased productivity per person employed by 2.6%; however, the growth of productivity remains below the growth of labour costs. According to the data of Statistics Estonia, the average gross salary was 1,310 euros in 2018, growing 7% in a year. Pay growth is likely to continue at the same pace in 2019. Price growth decelerated to the lowest growth rate of recent years, growing by 2.3% in the first three months of 2019 in Estonia; therein, prices of foodstuff and non-alcoholic beverages increased by 1.9%, and clothing and prices of footwear by 0.5%. In 2019, price growth should slow down because of lower energy prices and the decelerating imposition of excises on alcoholic beverages.

According to Statistics Estonia, the sales revenue generated by commercial establishments in current prices increased by 4.7% in the first two months of 2019 in Estonia. The highest growth of sales revenue was in the retail sales of motor fuel (14.0%). Sales revenue in non-specialised stores (primarily foodstuff) grew by 5.2% in total in the first two months of the year. Sales revenue in the retail and wholesale segment of motor vehicles and motorbikes and repairs increased by 0.5%. In first two months of 2019, 7.2% fewer new passenger cars were registered in Estonia compared to the first months of the previous year. In the first two months of this year, 2.9% fewer new passenger cars were sold compared to the first months of the previous year in the entire European Union. Consumer confidence, which had decreased at the end of 2018, had improved by the end of March and reached the average of recent years.

Economic results**FINANCIAL RATIOS 2018–2019**

	EUR		Change
	1 st quarter 2019	1 st quarter 2018	
Sales revenue (in millions)	163.7	158.6	3.2%
Operating profit (in millions)	4.9	6.2	-20.6%
Net loss (in millions)	-2.2	-0.2	1234.1%
Return on equity (ROE)	-1.0%	-0.1%	
Return on assets (ROA)	-0.5%	0.0%	
Net profit margin	-1.34%	-0.10%	
Gross profit margin	24.66%	24.50%	
Quick ratio	0.83	0.80	
Debt ratio	0.62	0.55	
Sales revenue per employee (in millions)	0.038	0.037	
Inventory turnover	1.67	1.50	
SHARE			
Average number of shares (1000 pcs)	40,729	40,729	
Equity capital per share (EUR/share)	4.78	4.41	
Share's closing price (EUR/share)	9.52	10.05	
Earnings per share (EUR/share)	-0.05	0.00	
Average number of employees	4,293	4,262	

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 2019, the unaudited consolidated sales revenue of the Tallinna Kaubamaja Group was 163.7 million euros. The growth was 3.2% compared to the first quarter of 2018, when the comparable sales revenue was 158.6 million euros. The net loss of the reporting period was 2.2 million euros, influenced by the income tax calculated on dividends (6.5 million euros). The loss in the first quarter of 2018 was 0.2 million euros, including 6.2 million euros of income tax. The pre-tax profit was 4.3 million euros – 1.8 million euros lower than the result of the previous year, of which 0.4 million euros was due to the negative impact on the pre-tax profit caused by the difference of estimated interest and depreciation calculated in accordance with the new financial reporting standard IFRS 16, which entered into force on 1 January 2019.

The year 2019 began with the continued growth of sales revenue for the Group. The supermarkets segment achieved an accelerated sales revenue growth compared to their market segment. The sales revenue generated by the department stores segment also increased. The car trade segment was influenced by the market situation, leading to a halt in the growth of the car market in the first quarter, and a drop in the sales of new cars. In the car trade segment, correction of revenue occurred due to a change on the market, but also the strong base year, i.e. the level of revenue generated by public procurement won by the Latvian automobile dealer in 2018 could not be repeated in the same volume at the beginning of this year. Overall, the sales revenue of the car trade segment in the first quarter was 4.5% lower than the previous year. Although the gross margin was maintained at good level in the first quarter, the pre-tax profit was expected to remain below the year before due to the launch period of the sales units opened at the end of 2018. In addition, the comparison basis of the profit was increased by the extraordinary income of 0.4 million euros from the sale of Latvian real estate, included in the result of the first quarter of 2018. Labour costs grew by 9.2% in the first quarter. The costs increased because of the additional Selver store along with the growth of average wage.

From 1 January 2019, the Group applies the new mandatory financial reporting standard IFRS 16 (Leases) in lease cost accounting. Pursuant to the standard, leased assets and liabilities are recognised in the balance sheet at the present value of lease payments and the depreciation on the leased assets and estimated interest costs on lease liabilities in the income statement. As of 31.03.2019, the assets leased in accordance with IFRS 16 were recognised in the balance sheet of the Group in the net present value of lease payments of 105 177 thousand euros. The impact of IFRS 16 on the income statement is as follows:

in thousands of euros	3 months 2019
Decrease in other operating expenses	4 235
Increase in depreciation	-4 105
Increase in operating profit	130
Calculated interest expense on lease liabilities	-503
Decrease in the net profit	-373

There were no significant sales area additions in the first quarter of 2019. In the footwear segment, business interruptions occurred due to renovation works at ABC King and SHU stores of the Rocca al Mare Centre. Renovation works were carried out in the SHU store at Ülemiste Centre and the SHU store in Kristiine Centre was reopened. Designing of the extension of the Kulinaaria central kitchen plant and the development works of the new car showrooms in Latvia and Lithuania are ongoing.

As at 31 March 2019, the volume of assets of Tallinna Kaubamaja Group was 513.8 million euros – a decrease of 2.4 million euros or 0.6% compared to the results at the end of 2018 without the impact of IFRS 16.

There were more than 679 thousand loyal customers at the end of the reporting period; the number of loyal customers increased by 2.0% in a year. The proportion of loyal customers in the Group's turnover was 86.5% (85.2% in the first quarter of 2018). By the end of the first quarter, over 31.0 thousand Partner Bank and Credit Cards had been issued.

Selver supermarkets

The consolidated sales revenue of the supermarkets business segment was 110.9 million euros in the first quarter of 2019, increasing by 5.9% in comparison with the same period last year. In the first quarter of 2019, the monthly average sales revenue of goods per square metre of selling space was 0.36 thousand euros and 0.36 thousand euros in comparable stores, remaining at the same level as in the comparable period last year. 9.4 million purchases were made at Selver supermarkets in the first quarter of 2019, showing a growth of 4.1% year-on-year.

In the first quarter of 2019, the consolidated pre-tax profit of the supermarkets segment was 2.4 million euros, being 0.8 million euros lower compared to the result of the previous year, influenced by the launch of new sales units opened at the end of 2018. The consolidated net loss of the supermarkets segment was 1.6 million euros, being 0.7 million euros lower compared to the same period in the previous year. The difference between the net

profit and profit before income tax compared to year earlier results is partly due to income tax paid on dividends – income tax paid on dividends was 0.1 million euros lower in 2019 compared to the year earlier. The lower tax load due to dividends is caused by the changes in the taxation principles of dividends that allows applying a lower tax rate on one third of the previous year's dividends. The entire profit of 2019 was earned in Estonia. In 2018, SIA Selver Latvia was liquidated and the company was deleted from the commercial register.

The growth of sales revenue in Selver continued in the first quarter at a higher pace than the average of the market segment on account of new stores. Although competition is tight, sales revenue has also grown in the comparable stores. The comparison basis of the first quarter is lower by two stores that were added in the second half of 2018 and higher by one store that was closed in April last year. The basis is higher also because of Easter, which was in the first quarter last year. E-commerce produced good results with the growth of sales revenue by 32%. The profit earned is influenced by the growth of sales revenue and the more efficient inventory management. Investments have had a positive impact, allowing cutting management costs and employee working hours. The employees' wages were adjusted, which resulted in a slight decrease in labour cost efficiency.

This year, Selver plans to renovate at least two stores and introduce the SelveEkspress service to all Selver stores. As at the end of the first quarter of 2019, the SelveEkspress service is available at 49 stores and approximately 300,000 loyal customers have used the service. We continue the development of e-commerce to improve our ability to service the growing numbers of customers. There is a plan to open the first e-Selver food locker, which is an alternative delivery method of goods that customers have ordered through e-Selver.

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 100,000 m², as well as the central kitchen of Kulinaaria OÜ.

Department stores

In the first three months of 2019, the department stores business segment earned a sales revenue of 23.1 million euros, which is 1.4% more than last year in the same period. The sales revenue of department stores per square metre of selling space was 0.86 thousand euros per month in the first three months of 2019, which is 1.1% higher than in the same period last year. The pre-tax loss of department stores in the first quarter of 2019 was 0.5 million euros, which was lower by 2.7% in the year-on-year comparison. The sales results of department stores were influenced by the well-managed image campaigns in February and successful launch of the spring season in fashion departments.

In the first quarter of 2019, the sales revenue of OÜ TKM Beauty Eesti, which operates I.L.U. cosmetics stores, was 1.1 million euros, showing a growth of 3.2% compared to the same period in 2018. The loss in the first quarter was 0.1 million euros, which was 16.6% lower than the loss in the comparable period in 2018. In the first quarter, the focus was on improving the e-store at www.ilu.ee and enhancing customer experience and changing the assortment. The growth of sales revenue has been achieved thanks to successful marketing campaigns and continued strong results produced by the e-store.

Car trade

The sales revenue of the car trade segment was 26.4 million euros in the first quarter of 2019. The sales revenue decreased by 4.5% year-on-year, wherein the sales revenue generated by the sales of KIAs dropped by 11.6%. In the first three months of the year, 1,143 new vehicles were sold altogether. The sales revenue generated by the car trade segment in the first quarter of 2018 included revenue from public procurements that the Latvian company had won, which was not achieved in the reporting period. In the first quarter of 2019, the car market decreased in all Baltic States; according to the data of Statistics Estonia, 7.2% fewer new passenger cars were registered in Estonia in the first two months of 2019. The pre-tax profit of the segment was 0.6 million euros in the first quarter of 2019, which is 0.3 million euros lower than in the same period last year. In addition to the decreased sales revenue, one of the reasons behind the weaker profitability results in the first quarter of 2019 could be the slower launch of the Peugeot business of the Estonian retail unit of the Group's car trade segment. The result of the car trade was also influenced by the manufacturers' problems with the production of certain models, which caused delays in the availability of cars and their delivery to customers.

Footwear trade

The sales revenue of the footwear trade segment was 1.9 million euros in the first quarter of 2019, decreasing by 13.8% on the year-on-year basis. The loss of the first quarter increased by 0.2 million euros compared to the previous year, remaining at 0.5 million euros. In the first quarter of 2019, there were business interruptions due to renovation works at Rocca al Mare ABC King and SHU stores, the SHU store at Kristiine Centre was reopened, and renovation works were carried out at the SHU store in Ülemiste Centre. In order to reduce costs, the central warehouse and office were moved in the first quarter. In accordance with the strategic decision of the Group, the managements of the beauty and footwear trade segments were merged to achieve synergy between support

functions. Anne-Liis Ostov, the manager of TKM Beauty OÜ, continues also as member of the management board of the companies.

Real estate

The sales revenue earned in the real estate segment outside the Group was 1.4 million euros in the first quarter of 2019. The sales revenue grew by 7.3% compared to last year. The pre-tax profit of the real estate segment in the first quarter of 2019 was 2.6 million euros, which is 7.8% lower than the result earned in the same period last year. The sales revenue grew in all real estate segment companies in the reporting quarter. The driver of the sales revenue growth was the Latvian real estate company, where the commercial space at the Ogre building was leased to a party outside of the Group. Tartu Kaubamaja Centre showed good results and contributed remarkably to the company's sales growth. The decrease of the profit of the segment was caused by the sales profit earned from the sales of real estate sold in Latvia in the first quarter of last year. This year, the development of the Latvian and Lithuanian car centres will continue.

Personnel

In the first quarter of 2019, the average number of employees in Tallinna Kaubamaja Group was 4,293 people, a growth of 0.7% compared to the same period in 2018. Total labour costs (wages and social insurance contributions) in the first three months of 2019 were 17.2 million euros, a year-over-year growth of 9.2%. The number of employees mainly grew in supermarket segment as a result of expansion. The monthly average salary costs per employee increased 8.8% in comparison with the average salary of the first quarter of 2018.

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, 11 April 2019

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 2019 as set out on pages 11-31.

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, 11 April 2019

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros

	Note	31.03.2019	31.12.2018
ASSETS			
Current assets			
Cash and cash equivalents	2	41,831	37,235
Trade and other receivables	3	13,732	16,093
Inventories	5	73,696	78,212
Total current assets		129,259	131,540
Non-current assets			
Long-term receivables and prepayments	8	113	113
Investments in associates	7	1,794	1,738
Investment property	9	59,873	59,866
Property, plant and equipment	10	317,821	212,687
Intangible assets	11	4,957	5,133
Total non-current assets		384,558	279,537
TOTAL ASSETS		513,817	411,077
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings	12	38,374	26,002
Trade and other payables	13	117,242	90,775
Total current liabilities		155,616	116,777
Non-current liabilities			
Borrowings	12	163,320	68,313
Provisions for other liabilities and charges		370	370
Total non-current liabilities		163,690	68,683
TOTAL LIABILITIES		319,306	185,460
Equity			
Share capital	15	16,292	16,292
Statutory reserve capital		2,603	2,603
Revaluation reserve		95,064	95,587
Currency translation differences		-149	-149
Retained earnings		80,701	111,284
TOTAL EQUITY		194,511	225,617
TOTAL LIABILITIES AND EQUITY		513,817	411,077

The notes presented on pages 16 to 31 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 2019	3 months 2018
Revenue	16	163,695	158,633
Other operating income		240	713
Cost of sales	5	-123,326	-119,773
Other operating expenses	17	-10,552	-13,837
Staff costs	18	-17,246	-15,788
Depreciation, amortisation and impairment losses	10, 11	-7,637	-3,437
Other expenses		-251	-308
Operating profit		4,923	6,203
Finance income		0	0
Finance costs		-714	-170
Finance income on shares of associates	7	56	52
Profit before tax		4,265	6,085
Income tax expense	15	-6,453	-6,249
NET LOSS FOR THE FINANCIAL YEAR		-2,188	-164
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		-2,188	-164
Basic and diluted earnings per share (euros)	19	-0.05	0.00

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

The notes presented on pages 16 to 31 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

In thousands of euros

	Note	3 months 2019	3 months 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss		-2,188	-164
Adjustments:			
Interest expense		714	170
Depreciation, amortisation and impairment	10, 11	7,637	3,437
Loss on sale of non-current assets	10	0	1
Profit on sale of non-current assets	9,10	-67	-400
Effect of equity method	7	-56	-52
Change in inventories		4,470	-3,946
Change in receivables and prepayments related to operating activities		2,363	2,026
Change in liabilities and prepayments related to operating activities		-2,434	899
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		10,439	1,971
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment (excl. finance lease)	10	-3,238	-2,117
Proceeds from sale of property, plant and equipment	10	69	9,115
Purchase of investment property	9	-7	0
Proceeds from sale of investment property	9	0	13
Purchase of intangible assets	11	-30	-2
TOTAL CASH FLOWS USED IN INVESTING ACTIVITIES		-3,206	7,009
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	12	1,588	14,563
Repayments of borrowings	12	-5,208	-16,894
Change in overdraft balance	12	5,447	405
Repayments of lease liabilities	12	-3,732	0
Interest paid on lease liabilities	12	-503	0
Interest paid		-229	-187
TOTAL CASH FLOWS USED IN FINANCING ACTIVITIES		-2,637	-2,113
TOTAL CASH FLOWS		4,596	6,867
Cash and cash equivalents at the beginning of the period	2	37,235	33,662
Cash and cash equivalents at the end of the period	2	41,831	40,529
Net change in cash and cash equivalents		4,596	6,867

The notes presented on pages 16 to 31 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

In thousands of euros

	Share capital	Statutory reserve capital	Revaluation reserve	Currency translation differences	Retained earnings	Total
Balance as of 31.12.2017	16,292	2,603	82,124	-255	107,252	208,016
Net loss for the reporting period	0	0	0	0	-164	-164
Total comprehensive loss for the reporting period	0	0	0	0	-164	-164
Reclassification of depreciation of revalued land and buildings	0	0	-452	0	452	0
Dividends declared	0	0		0	-28,103	-28,103
Balance as of 31.03.2018	16,292	2,603	81,672	-255	79,437	179,749
Net profit for the reporting period	0	0	0	0	30,438	30,438
Revaluation of land and buildings	0	0	15,266	0	0	15,266
Currency translation differences	0	0	0	106	-106	0
Total comprehensive income for the reporting period	0	0	15,266	106	30,332	45,704
Reclassification of depreciation of revalued land and buildings	0	0	-1,803	0	1,803	0
Dividends paid	0	0	0	0	-28,103	-28,103
Balance as of 31.12.2018	16,292	2,603	95,587	-149	111,284	225,617
Net 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

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

The notes presented on pages 16 to 31 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 Gonsiori 2, Tallinn. The shares of Tallinna Kaubamaja Grupp AS are listed on the NASDAQ OMX Tallinn Stock Exchange. The majority shareholder of Tallinna Kaubamaja Grupp AS is OÜ NG Investeeringud, the majority owner of which is NG Kapital OÜ. NG Kapital OÜ is an entity with ultimate control over Tallinna Kaubamaja Grupp AS.

Basis for Preparation

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

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

The Manager is of the opinion that the Condensed Consolidated Interim Report of Tallinna Kaubamaja Group for the first quarter of 2019 gives a true and fair view of the Company's performance in accordance with the going-concern concept.

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

Changes in significant accounting policies

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

IFRS 16, Leases

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

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

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

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

contain a wide range of different terms and conditions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 2. Cash and cash equivalents

in thousands of euros

	31.03.2019	31.12.2018
Cash on hand	969	1,216
Bank accounts	40,179	35,006
Cash in transit	683	1,013
Total cash and cash equivalents	41,831	37,235

Note 3. Trade and other receivables

in thousands of euros

	31.03.2019	31.12.2018
Trade receivables (Note 4)	11,874	12,782
Other receivables from related parties (Note 20)	0	1
Other short-term receivables	296	614
Total financial assets from balance sheet line "Trade and other receivables"	12,170	13,397
Prepayment for goods	740	2,008
Other prepaid expenses	751	633
Prepaid rental expenses	39	39
Prepaid taxes (Note 14)	32	16
Total trade and other receivables	13,732	16,093

Note 4. Trade receivables

in thousands of euros

	31.03.2019	31.12.2018
Trade receivables	10,316	10,157
Allowance for doubtful receivables	-7	-7
Receivables from related parties (Note 20)	399	290
Credit card payments (receivables)	1,166	2,342
Total trade receivables	11,874	12,782

Note 5. Inventories

in thousands of euros

	31.03.2019	31.12.2018
Goods purchased for resale	72,952	77,418
Raw materials and materials	744	794
Total inventories	73,696	78,212

Tallinna Kaubamaja Grupp AS

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 2019	3 months 2018
Write-down and write-off of inventories	2,260	2,350
Inventory stocktaking deficit	482	322
Total materials and consumables used	2,742	2,672

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 31.03.2019	Year of acquisition or foundation
Selver AS	Tallinn Pärnu mnt. 238	Retail trade	100%	1996
Tallinna Kaubamaja Kinnisvara AS	Tallinn Gonsiori 2	Real estate management	100%	1999
Tartu Kaubamaja Kinnisvara OÜ	Tartu Riia 1	Real estate management	100%	2004
SIA TKM Latvija	Riga Ieriku iela 3	Real estate management	100%	2006
TKM Auto OÜ	Tallinn Gonsiori 2	Commercial and finance activities	100%	2007
KIA Auto AS	Tallinn Ülemiste tee 1	Retail trade	100%	2007
Forum Auto SIA	Marupe K.Ulmana gatve 101	Retail trade	100%	2007
KIA Auto UAB	Vilnius, Perkunkiemia g.2	Retail trade	100%	2007
TKM Beauty OÜ	Tallinn Gonsiori 2	Retail trade	100%	2007
TKM Beauty Eesti OÜ	Tallinn Gonsiori 2	Retail trade	100%	2007
TKM King AS	Tallinn Betooni 14	Retail trade	100%	2008
Kaubamaja AS	Tallinn Gonsiori 2	Retail trade	100%	2012
Kulinaaria OÜ	Tallinn Taevakivi 7B	Centre kitchen activities	100%	2012
Viking Motors AS	Tallinn Tammsaare tee 51	Retail trade	100%	2012
Viking Security AS	Tallinn Tammsaare tee 62	Security activities	100%	2014
UAB TKM Lietuva	Vilnius Lvovo G. 25	Real estate management	100%	2017
Verte Auto SIA	Marupes nov., Marupe, Karla Ulmana gatve 101	Retail trade	100%	2017

In 2019 and 2018, there were no business combinations.

Note 7. Investments in associates

in thousands of euros

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

	31.03.2019	31.12.2018
Investment in the associate at the beginning of the year	1,738	1,724
Profit for the reporting period under equity method	56	214
Dividends received	0	-200
Investment in the associate at the end of the accounting period	1,794	1,738

Financial information about the associate R vala Parkla AS (reflecting 100% of the associate):

	31.03.2019	31.12.2018
Current assets	130	58
Non-current assets	3,511	3,521
Current liabilities	53	104
	3 months 2019	3 months 2018
Revenue	130	128
Net profit	112	103

Note 8. Long-term receivables and prepayments

in thousands of euros

	31.03.2019	31.12.2018
Prepaid rental expenses	53	53
Deferred tax asset	25	25
Other receivables	35	35
Total long-term trade and other receivables	113	113

Note 9. Investment property

in thousands of euros

Carrying value as at 31.12.2017	49,902
Reclassification (Note 10)	10,559
Disposal	-637
Net gain from fair value adjustment	42
Carrying value as at 31.12.2018	59,866
Purchases and improvements	7
Carrying value as at 31.03.2019	59,873

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

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

investment property from property, plant and equipment in 2017. In Latvia, Rezekne commercial building and property classified as investment property, which the Group maintains for earning rental income.

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

In 2019, Tartu Kaubamaja Shopping Centre renovation amounted to 7 thousand euros (2017: 201 thousand euros). Gas station at Peetri Selver was completed and classified as investment property at value of 970 thousand euros (Note 10). In 2018 in Harju county, in Peetri, Veesaare road 5 a property was sold.

No fair value change of investment property was identified in 2019.

Note 10. Property, plant and equipment

in thousands of euros

	Land and buildings	Right-of use-assets: properties	Machinery and equipment	Other fixtures and fittings	Construction in progress and prepayments	Total
31.12.2017						
Cost or revalued amount	167,890	0	37,114	37,634	44,584	287,222
Accumulated depreciation and impairment	-4,582	0	-24,830	-25,330	-18,005	-72,747
Carrying value	163,308	0	12,284	12,304	26,579	214,475
Changes occurred in 2018						
Purchases and improvements	700	0	1,277	1,459	12,555	15,991
Reclassification among property, plant and equipment groups	5,379	0	3,146	3,638	-12,163	0
Reclassification to intangible assets (Note 14)	0	0	0	0	-140	-140
Reclassification to investment property (Note 12)	-9,388	0	0	0	-1,171	-10,559
Reclassification to inventory	0	0	-372	0	0	-372
Disposals	-10	0	-25	-5	-9,285	-9,325
Write-offs	-40	0	-22	-34	-1	-97
Decrease/increase in value through profit or loss	171	0	0	0	-23	148
Increase in value through revaluation reserve	15,266	0	0	0	0	15,266
Depreciation	-4,810	0	-3,529	-4,361	0	-12,700
31.12.2018						
Cost or revalued amount	170,576	0	40,456	41,235	27,579	279,846
Accumulated depreciation and impairment	0	0	-27,697	-28,234	-11,228	-67,159
Carrying value	170,576	0	12,759	13,001	16,351	212,687
IFRS 16 initial application (Note 1)	0	109,282	0	0	0	109,282
Adjusted carrying value as at 01.01.2019	170,576	109,282	12,759	13,001	16,351	321,969
Changes occurred in 2019						
Purchases and improvements	592	0	454	1,793	399	3,238
Reclassification to inventory	0	0	-139	0	0	-139
Reclassification to property, plant and equipment from inventory	0	0	186	0	0	186
Disposals	0	0	-1	-1	0	-2
Write-offs	0	0	0	-5	0	-5
Depreciation	-1,250	-4,105	-927	-1,144	0	-7,426
31.03.2019						
Cost or revalued amount	171,168	109,282	40,894	42,558	27,978	391,880
Accumulated depreciation and impairment	-1,250	-4,105	-28,562	-28,914	-11,228	-74,059
Carrying value	169,918	105,177	12,332	13,644	16,750	317,821

The cost of investments for the 3 months of 2019 amounted to 3,268 thousand euros (including purchases of property, plant and equipment in the amount of 3,238 thousand euros and purchases of intangible assets amounted to 30 thousand euros).

The cost of purchases of property, plant and equipment made in reporting period in the supermarkets business segment was 1,525 thousand euros. In the reporting period, computing technology for SelveEkspress self-service cashers and renewed store fittings were purchased.

The cost of purchases of property, plant and equipment in the business segment of department stores amounted to 305 thousand euros. In the reporting period, store fittings and computing technology was purchased.

The cost of purchases of property, plant and equipment in the reporting period was 59 thousand euros in the car trade business segment.

The cost of purchases of property, plant and equipment in the reporting period in the footwear segment was 207 thousand euros.

The cost of purchases of property, plant and equipment in the real estate business segment amounted to 1,142 thousand euros. In the reporting period the construction work of car showroom in Riga started. Additionally in Tallinn, Sõle 31, Kolde Selver construction work were carried out.

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
31.12.2017				
Cost	3,260	5,277	1,386	9,923
Accumulated amortisation and impairment	0	-3,583	-665	-4,248
Carrying value	3,260	1,694	721	5,675
Changes occurred in 2018				
Purchases and improvements	0	0	95	95
Reclassification (Note 10)	0	0	140	140
Amortisation	0	-497	-280	-777
31.12.2018				
Cost	3,260	5,277	1,602	10,139
Accumulated amortisation and impairment	0	-4,080	-926	-5,006
Carrying value	3,260	1,197	676	5,133
Changes occurred in 2019				
Purchases and improvements	0	0	30	30
Amortisation	0	-124	-82	-206
31.03.2019				
Cost	3,260	5,277	1,632	10,169
Accumulated amortisation and impairment	0	-4,204	-1,008	-5,212
Carrying value	3,260	1,073	624	4,957

In the reporting period, the Group capitalised costs of a web page update and e-shop as development expenditure in the amount of 30 thousand euros (2018: 95 thousand euros).

As a trademark, the Group has recognised the image of ABC King at cost value of 3,509 thousand euros; the image contains a combination of the name, symbol and design together with recognition and preference by consumers. Trademark will be amortised during 15 years.

Trademark at value of 1,588 thousand euros was acquired in 2012 through purchase of AS Viking Motors shares. Trademark will be amortised during 7 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	31.03.2019	31.12.2018
Car trade	3,156	3,156
Department store	104	104
Total	3,260	3,260

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

Note 12. Borrowings

in thousands of euros	31.03.2019	31.12.2018
Short-term borrowings		
Overdraft	12,801	7,354
Bank loans	13,217	16,424
Lease liabilities	11,196	0
Other borrowings	1,160	2,224
Total short-term borrowings	38,374	26,002

in thousands of euros	31.03.2019	31.12.2018
Long-term borrowings		
Bank loans	68,854	68,202
Lease liabilities	94,355	0
Other borrowings	111	111
Total long-term borrowings	163,320	68,313
Total borrowings	201,694	94,315

Borrowings received

in thousands of euros

	3 months 2019	3 months 2018
Overdraft	5,447	405
Bank loans	652	13,202
Other borrowings	936	1,361
Total borrowings received	7,035	14,968

Borrowings paid

in thousands of euros

	3 months 2019	3 months 2018
Bank loans	3,208	15,969
Lease liabilities	3,732	0
Other borrowings	2,000	925
Total borrowings paid	8,940	16,894

Bank loans and other borrowings are denominated in euros.

As of 31.03.2019, the repayment dates of bank loans are between 08.04.2019 and 26.12.2023 (2018: between 28.01.2019 and 12.12.2023), interest is tied both to 3-month and 6-month EURIBOR as well as EONIA. Group has also contracts with fixed interest rate. Weighted average interest rate was 1.07% (2018: 1.06%).

Lease agreements that form lease liabilities have been concluded for the term of 28.02.2020 until 06.10.2031. Lease liability recorded in the balance sheet as at 31.03.2019 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

	31.03.2019	31.12.2018
Cash and cash equivalents (Note 2)	41,831	37,235
Short-term borrowings	-38,374	-26,002
Long-term borrowings	-163,320	-68,313
Net debt	-159,863	-57,080
Cash and cash equivalents (Note 2)	41,831	37,235
Gross debt – fixed interest rates	-117,529	-11,537
Gross debt – variable interest rates	-84,165	-82,778
Net debt	-159,863	-57,080

	Cash and cash equivalents	Overdraft	Borrowings due within 1 year	Borrowings due after 1 year	Total
Net debt 31.12.2017	33,662	-7,811	-47,007	-48,732	-69,888
Cash flows	3,573	457	28,359	-19,581	12,808
Net debt 31.12.2018	37,235	-7,354	-18,648	-68,313	-57,080
IFRS 16 initial application (Note 1)	0	0	-14,928	-94,354	-109,282
Adjusted net debt 01.01.2019	37,235	-7,354	-33,576	-162,667	-166,362
Cash flows	4,596	-5,447	7 500	-653	5 996
Interest expense	0	0	503	0	503
Net debt 31.03.2019	41,831	-12,801	-25 573	-163 320	-159 863

Note 13. Trade and other payables

in thousands of euros

	31.03.2019	31.12.2018
Trade payables	60,274	67,266
Payables to related parties (Note 20)	3,742	3,965
Other accrued expenses	118	145
Prepayments by tenants	2,851	2,682
Total financial liabilities from balance sheet line "Trade and other payables"	66,985	74,058
Taxes payable (Note 14)	6,904	8,089
Dividends declared (Note 15)	28,919	0
Income tax liability on dividends (Note 15)	6,452	0
Employee payables	6,290	6,916
Prepayments	1,622	1,630
Short-term provisions*	70	82
Total trade and other payables	117,242	90,775

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

Note 14. Taxes

in thousands of euros

	31.03.2019		31.12.2018	
	Prepaid taxes	Taxes payable	Prepaid taxes	Taxes payable
Prepaid taxes	32	0	16	0
Value added tax	0	2,840	0	4,022
Personal income tax	0	1,017	0	948
Social security taxes	0	2,725	0	2,737
Corporate income tax	0	17	0	74
Unemployment insurance	0	173	0	180
Mandatory funded pension	0	132	0	128
Total taxes	32	6,904	16	8,089

Note 15. Share capital

As of 31.03.2019 and 31.12.2018, the share capital in the amount of 16,292 thousand euros consisted of 40,729,200 ordinary shares with the nominal value of 0.40 euros per share. All shares issued have been paid for. According to the articles of association, the maximum allowed number of shares is 162,916,800 shares.

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

In 2018, dividends were paid to the shareholders in the amount of 28,103 thousand euros, or 0.69 euros per share. Related income tax expense on dividends amounted to 6,249 thousand euros.

Note 16. Segment reporting

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

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

department store segment because they have similar economic characteristics and are similar in other respects specified in IFRS 8.

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

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

The disclosures of financial information correspond to the information that is periodically reported to the Supervisory Board. Measures of income statement, segment assets and liabilities have been measured in accordance with accounting policies used in the preparation of the financial statements except for accounting for lease that is presented in reports to Supervisory Board according to IAS 17. Main measures that Supervisory Board monitors are segment revenue (external segment and inter-segment revenue), EBITDA (earnings before interest, taxes, depreciation and amortisation) and net profit or loss.

in thousands of euros

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	23,128	26,350	1,889	1,418	0	0	163,695
Inter-segment revenue	319	1,856	40	4	3,322	-5,541	0	0
Total revenue	111,229	24,984	26,390	1,893	4,740	-5,541	0	163,695
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

in thousands of euros

	Super markets	Depart- ment store	Car trade	Footwear trade	Real estate	Inter- segment transact- ions	Total seg- ments
3 months 2018							
External revenue	104,707	22,808	27,605	2,192	1,321	0	158,633
Inter-segment revenue	387	1,447	24	33	3,203	-5,094	0
Total revenue	105,094	24,255	27,629	2,225	4,524	-5,094	158,633
EBITDA	4,586	210	1,040	-210	4,014	0	9,640
Segment depreciation and impairment losses	-1,516	-661	-125	-104	-1,031	0	-3,437
Operating profit/loss	3,070	-451	915	-314	2,983	0	6,203
Finance income	74	39	0	0	0	-113	0
Finance income on shares of associates (Note 7)	0	52	0	0	0	0	52
Finance costs	-16	-79	-60	-19	-109	113	-170
Income tax	-4,049	-939	-743	0	-518	0	-6,249
Net profit/loss	-921	-1,378	112	-333	2,356	0	-164
incl. in Estonia	-818	-1,378	-69	-333	2,221	0	-377
incl. in Latvia	-103	0	116	0	146	0	159
incl. in Lithuania	0	0	65	0	-11	0	54
Segment assets	93,075	73,565	38,586	5,978	241,958	-56,876	396,286
Segment liabilities	67,000	68,800	28,479	9,077	80,018	-36,837	216,537
Segment investments in property, plant and equipment	797	404	167	4	745	0	2,117
Segment investments in intangible assets	0	0	0	0	2	0	2

External revenue according to types of goods and services sold

in thousands of euros

	3 months 2019	3 months 2018
Retail revenue	150,432	144,652
Wholesale revenue	7,215	7,953
Rental income	2,497	2,353
Revenue for rendering services	3,551	3,675
Total revenue	163,695	158,633

External revenue by client location

in thousands of euros

	3 months 2019	3 months 2018
Estonia	152,878	146,785
Latvia	6,939	8,900
Lithuania	3,878	2,948
Total	163,695	158,633

Distribution of non-current assets* by location of assets

in thousands of euros

	31.03.2019	31.12.2018
Estonia	357,924	253,506
Latvia	22,739	22,218
Lithuania	2,101	2,075
Total	382,764	277,799

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

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

Note 17. Other operating expenses

in thousands of euros

	3 months 2019	3 months 2018
Rental expenses*	254	4,227
Heat and electricity expenses	2,186	2,122
Operating costs	1,743	1,794
Cost of sale related services and materials	1,490	1,301
Marketing expenses	2,010	1,765
Miscellaneous other operating expenses	1,008	926
Computer and communication costs	1,146	1,104
Personnel expenses	715	598
Total other operating expenses	10,552	13,837

*Due to application of IFRS 16 from 01.01.2019, Group's rental expenses in the amount of 4,235 thousand euros have been reclassified as repayment of lease liabilities (Note 1 and Note 12).

Note 18. Staff costs

in thousands of euros

	3 months 2019	3 months 2018
Wages and salaries	13,060	11,916
Social security taxes	4,186	3,872
Total staff costs	17,246	15,788
Average wages per employee per month (euros)	1,014	932
Average number of employees in the reporting period	4,293	4,262

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 2019	3 months 2018
Net profit/loss (in thousands of euros)	-2,188	-164
Weighted average number of shares	40,729,200	40,729,200
Basic and diluted earnings per share (euros)	-0.05	0.00

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 2019	Sales 3 months 2019	Purchases 3 months 2018	Sales 3 months 2018
Parent	64	3	127	1
Entities in the Parent's consolidation group	5,783	772	6,314	1,013
Members of management and supervisory boards	0	0	0	1
Other related parties	141	2	162	2
Total	5,988	777	6,603	1,017

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:

	31.03.2019	31.12.2018
Receivables from entities in the in the Parent's consolidation group (Note 4)	399	290
Members of management and supervisory boards (Note 3)	0	1
Total receivables from related parties	399	291

	31.03.2019	31.12.2018
Parent	19	19
Entities in the Parent's consolidation group	3,708	3,934
Other related parties	15	12
Total liabilities to related parties (Note 13)	3,742	3,965

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

For arranging funding for its subsidiaries, the Group uses the group account, the members of which are most of the Group's entities. In its turn, the Group as a subgroup is a member of the group account of NG Investeeringud OÜ (hereinafter head group). From 2001, Tallinna Kaubamaja Grupp AS has been keeping its available funds at the head group account, earning interest income on its deposits. In 2019 three months, the Group has not earned interest income on its deposits of available funds (2018: 0 euros).

As at 31 March 2019 and 31 December 2018 Tallinna Kaubamaja Grupp AS had not deposited any funds through head group and had not used available funds of head group. According to the group account contract, the Group's members are jointly responsible for the unpaid amount to the bank.

Remuneration paid to the members of the Management and Supervisory Board

Short term benefits to the management boards' members of the Tallinna Kaubamaja Group for the reporting period including wages, social security taxes, bonuses and car expenses, amounted to 1,028 thousand euros (2018 3 months: 958 thousand euros). Short-term benefits to supervisory boards' members of the Group in reporting period including social taxes amounted to 165 thousand euros (2018 3 months: 144 thousand euros).

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