

Company Tallinna Kaubamaja Grupp AS  
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Attachments:

- Börs\_Kaubamaja\_4Q2021\_eng.pdf (<http://oam.fi.ee/en/download?id=5978>)
- Börs\_Kaubamaja\_4Q2021\_est.pdf (<http://oam.fi.ee/en/download?id=5979>)

Currency

Title Unaudited consolidated interim accounts for the fourth quarter and twelve months of 2021

Segments (EURm)	Q4/21	Q4/20	yoy	12m/21	12m/20	yoy
Supermarkets	151,4	143,4	5,6%	569,0	524,4	8,5%
Department stores	32,7	29,4	11,4%	93,4	88,8	5,2%
Cars	29,6	25,1	18,1%	145,8	117,6	24,0%
Security segment	2,3	2,0	16,0%	8,2	6,0	35,9%
Real Estate	1,5	1,4	5,1%	5,3	5,1	3,1%
Total sales	217,5	201,3	8,1%	821,6	741,9	10,7%
Supermarkets	6,3	3,5	80,3%	20,5	15,5	31,9%
Department stores	0,3	0,9	-69,0%	-0,7	-1,4	-50,4%
Cars	1,6	0,4	342,8%	7,4	2,2	242,7%
Security segment	-0,1	0,0	100,0%	0,0	0,0	-217,6%
Real Estate	4,1	2,6	56,9%	12,1	10,1	19,9%
IFRS 16	-0,4	-0,8	-46,3%	-2,9	-2,4	17,8%
Total profit/loss before tax	11,9	6,6	78,9%	36,5	24,0	52,3%



In the fourth quarter of 2021, the consolidated unaudited sales revenue of the Group was 217.5 million euros, which was 8.1% more than the sales revenue of the same period in 2020. The sales revenue of 2021 was 821.6 million euros, showing a growth of 10.7% compared to the result of 2020, when the sales revenue was 741.9 million euros. In the fourth quarter of 2021, the Group's unaudited consolidated net profit was 11.7 million euros, which was 46.6% higher than the profit of the comparable period in the previous year. The Group's net profit of 2021 was 32.0 million euros, which was 64.2% higher than the result of the previous year. The pre-tax profit earned in 2021 was 36.5 million euros, showing a 52.3% increase compared to last year.

The sales revenue generated by commercial establishments increased by a record 17.8% in Estonia in the first eleven months of 2021 and the increased confidence to consume could also be seen in the fourth quarter. In spite of the fact that the sales revenue was increased most by the fuel and electronics retail segments, which the Group is not involved in, the consumers' confidence also boosted the sales of the Group, increasing the sales figures in all segments of the Group over the year in total, as well as in the last quarter. The consumers accustomed to visit online stores safely during the period of restrictions continued to visit the online stores of the Group in the last quarter of the year. The growth of the profit and profitability was supported by the integration of the stores, which were added to the supermarket segment in 2020 and modernising the production equipment in the central kitchen, as well as the successful sales operations of the car trade segment. In the fourth quarter, the Group's profit was put under pressure by the significantly faster growth of energy prices compared to the previous levels and the continued growth of labour costs due to the labour shortage. In the real estate segment, the business profit of the fourth quarter of 2021 was influenced by the increase in the fair values of investment property in the amount of 2.2 million euros. The net profit of the Group decreased by 2.9 million euros due to calculated loss on lease agreements in accordance with IFRS 16 (in 2020, the respective figure was 2.4 million euros).

The Valga Selver store was renovated during the reporting quarter. Prior to that, Selver had also renovated the Jaamamõisa store in 2021. The most extensive innovation in the first quarter was the transfer of stores operating under the Comarket brand to the Selver ABC brand and the integration of Comarket, Delice stores, and the Solaris Food Store with the Selver supply chain and IT systems. Updating the software platform of the Selver online stores also commenced in the first quarter, which was fully completed by the end of the third quarter. As of 1 June 2021, the service area of the e-Selver online store service covers all of Estonia. With this expansion, Selver became the only online grocery store in Estonia, which delivers goods to all counties of mainland Estonia in the entire extent. One of the most important large-scale developments of the Group was completed in the financial year: the construction of the new production building of the central kitchen of Kulinaaria was completed, the existing factory building was renovated, and the production buildings were connected, thereby doubling the production area. Today, the production area covers more than 6,000



square metres. The new production building is the most modern in the Baltic States in its sector. In the department store segment, the Ilumaailm (Beauty department) and Toidumaailm (Food department) sections of the Tallinn department store were renovated, with the Toidumaailm in Tallinn closed fully for the renovation works for two months in the summer of 2021. In September 2021, the Group notified the stock exchange of the strategic decision to close the footwear business and to gradually close all ABC KING and SHU stores in 2022.

In December 2021, the Financial Supervision Authority issued a creditor's activity licence to TKM Finants AS, subsidiary of the Group, which will allow the company to provide consumer credit to customers. The various different payment options provided by merchants are unavoidable in trade today and provide to the consumer the advantages of speed and convenience, also to entry into a contract directly with the merchant. Over a year ago, the Group started to issue purchase limits for the Kuukaart (Monthly Card) loyalty card, which allows the customers to pay for their purchases once a month based on an invoice. The Monthly Card loyalty card has been well-received and the Group intends to offer opportunities for paying in instalments to the customers as the next step. Cooperation with a long-time partner of the Group, LHV Pank, will also continue, with the bank continuing to issue the Partner Bank Card, which has a specific target group and circle of users and is a different product than the options to pay in instalments.

#### Selver supermarkets

The consolidated sales revenue of the supermarket business segment in 2021 was 569.0 million euros, increasing by 8.5% compared to the previous year. The consolidated sales revenue was 151.4 million euros in the fourth quarter, increasing by 5.6% in comparison with the same period of last year. The average monthly sales revenue per square metre of sales area in 2021 was 0.40 thousand euros, exceeding the respective indicator in the year before by 2.6%. In the fourth quarter, the respective indicator was 0.43 thousand euros, which is 5.2% more than in the same period last year. The average sales revenue per square metre of selling space of comparable stores was 0.42 thousand euros in 2021, growing by 3.0% compared to the year before, and 0.45 thousand euros, on average, in the fourth quarter, growing by 5.7%, respectively. In 2021, 42.4 million purchases were made from the stores, which was 4.1% higher than in the reference year.

In the fourth quarter of 2021, the pre-tax consolidated profit was 6.3 million euros, increasing by 2.8 million euros in comparison with the same period the year before. The net profit of the same period was 5.7 million euros, which is an increase of 1.7 million euros in comparison with the previous year. The pre-tax profit of the supermarkets segment in 2021 was 20.5 million euros, increasing by 5.0 million euros in comparison with the previous year. The net profit of the year was 18.4 million euros, which is an increase of 4.4 million euros in comparison with the previous year. As of 1 June 2020, the results of the supermarket segment include the results of ABC Supermarkets.



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

Selver's result was affected by the acquisition of ABC Supermarkets AS in the second quarter of 2020, which increased the number of Selver stores by 19. In February 2021, the sales activities of one of the stores were terminated and at the end of the year, the sales activities will continue in the eighteen added stores. Selver expanded the sales area of one of its stores in 2021 and renovated two stores, including one in the fourth quarter. The store was closed to customers for six weeks in the fourth quarter for the renovation. The comparability of the results is also affected by the new Selver store, which was opened in July 2020, and the renovation of three Selver stores in the reference period, the expansion of the sales area of two of the stores, closing one store, and the impact of the leap year. In 2021, the transfer of the stores operating under the Comarket brand to the Selver ABC brand was completed and IT software upgrades were made in the Delice store and Solaris Food Store. In the Delice and Solaris stores, the Delice Express service is now offered to customers - previously, these stores had self-service checkouts, but now, customers can make their purchases conveniently by using barcode scanners. The process of bringing the stores together under one brand and updating the IT software was accompanied by closing the stores for a few days for replacing the equipment, as well as by one-time expenses and investments. The work on the selection of the stores operating under the Selver ABC trademark as well as on increasing the efficiency of the work processes including the entire Selver chain has continued. In the third quarter, four smaller Selver stores were rebranded under the Selver ABC trademark. Investments were made in the popular SelveEkspress service in 2021. The technological platform of SelveEkspress was updated, additional self-checkout tills were added to the stores where the customers' interest in the service has significantly increased, and the opening of the SelveEkspress service in the Selver ABC stores began. Kulinaaria OÜ, which belongs to the supermarket segment and is known to the customers under the Selveri Köök trademark, completed the construction of an extension of its factory in 2021, which doubled the size of the production area to over 6,000 square metres. The new production building is the most modern in the Baltic States in its sector. The turnover of Selveri Köök increased by 13% in 2021. The new production equipment has allowed to optimise the production processes and reduce the amount of manual labour, which has, in turn, enabled to lower the production costs.

Compared to the same period the year before, which already included the significant increase in e-commerce, the number of orders received by e-Selver has almost doubled during the year. Since the beginning of 2021, the service area of e-Selver has been expanded in stages and, since June, it covers all of mainland Estonia, as well as the largest islands. The service area of e-Selver is the largest in Estonia and it was declared the most user-friendly online store in the category of groceries in 2021. The nationwide home delivery service of e-Selver was recognized with the title of the 'Logistics Act of the Year' in



2021.

The formation of the profit for the year was impacted by the good turnover results, especially in the warm summer period and in the product groups, which were affected by the spread of COVID-19 the year before. The faster increase in the labour costs and purchasing ABC Supermarkets and transferring it under the trademark of Selver had a negative impact. The lack of manpower in the labour market has resulted in wage pressure. A temporary increase in labour costs was also caused by the integration of the processes of ABC Supermarket stores into the Selver solution, higher labour needs in the e-commerce segment, where the provision of the service is more resource-intensive compared to the physical store, and higher expenses to cover the increased sick days of employees. The profit has also been affected by the energy prices, which have occasionally risen several times above the normal levels.

#### Department stores

In 2021, the Kaubamaja department stores business segment earned a sales revenue of 93.4 million euros, which is 5.2% more than last year. In the fourth quarter, the sales revenue of the Kaubamaja department store segment amounted to 32.7 million euros, which is 11.4% better than the result in the same period the year before. The pre-tax loss of the segment in 2021 was 0.7 million euros. The loss decreased by 0.7 million euros over the year. The pre-tax profit of the fourth quarter of 2021 was 0.3 million euros, being 0.6 million euros lower than the result of the same period of the year before.

The 2021 sales results of the Kaubamaja was affected by the state of emergency declared by the Government of the Republic of Estonia in the first quarter of the year due to the pandemic, as a result of which Kaubamaja closed all its industrial goods departments in Tallinn and Tartu for seven weeks. Only the grocery stores remained open. The department stores reopened on 2 May. In 2020, shopping centres were closed for six weeks. The demand for summer goods was high in the reopened department stores and the discount campaigns in the summer were successful. The renovation of the beauty and food sections of the Tallinn department store in the summer months had a negative impact on the operating profit of the Kaubamaja department store, with the food segment in Tallinn closed for the renovation works on 25 June and reopened in a fully renovated form on 26 August. Customers interest for the renovated sections was very high. The autumn season campaigns, which started with 'Beauty Time' in September and 'Shopping Rally' in October and ended with the Christmas sales, were the most successful ever. There are plans to fully renovate the women's fashion section in Tallinn at the beginning of 2022; the section is expected to be reopened in renovated form on 8 March. The development and planning of the concept for the food section in Tartu will also begin in 2022. Concerning the online store, Kaubamaja is planning to switch over to a new software solution, which should improve the user convenience for the customers and add different functionalities. The photo studio technology will be replaced as well. The average sales revenue of the Kaubamaja department stores per square metre of selling space was 0.3 thousand euros per month in the twelve months, which is



4.4% higher than in the same period last year.

In the fourth quarter of 2021, the sales revenue of OÜ TKM Beauty Eesti, which operates I.L.U. cosmetics stores, was 2.1 million euros, which is 21.1% more than in the same period of 2020. In the fourth quarter of 2021, the profit was 0.2 million euros, which was 0.1 million euros more than in the comparable period in 2020. The sales revenue of 2021 was 5.5 million euros, which is 11.5% more than in the 2020. The profit in 2021 was 0.2 million euros, which was 0.1 million euros more than in 2020. The sales revenue of the I.L.U. stores in the fourth quarter was boosted by the successful Christmas sales, as well as a general increase in consumer confidence and the favourable economic situation. In 2022, the I.L.U. store concept upgrades and two stores are being renovated. The online store assembly capacity will also be increased by expanding the online store warehouse.

The sales revenue of the shoe stores of TKM King AS, which is being reported under the department store segment as of 1 April 2021, was 6.1 million euros in 2021. The sales revenue decreased by 11.0% compared to the year before. In the fourth quarter, the sales revenue of the segment was 1.6 million euros, which is 16.1% less than in the same period a year before. The loss in 2021 amounted to 2.8 million euros. Compared to the year before, the loss increased by 1.1 million euros. The loss of the fourth quarter was 1.9 million euros, increasing by 1.7 million euros compared to the year before. Based on the strategic decision made by the Group in September in the reporting year to close the footwear business over 2022, the gradual realisation of the inventories began in the fourth quarter and preparations were made for closing the stores. The operating loss was increased due to forming reserves in connection with future costs of closing the stores.

#### Car trade

The sales revenue of the car trade segment was 145.8 million euros in 2021, which exceeded the sales revenue of the previous year by 24.0%. The sales revenue of 29.6 million euros in the fourth quarter exceeded the sales revenue of the same period in the previous year by 18.1%. During the twelve months, a total of 5,884 new vehicles were sold, 1,147 of them in the fourth quarter. The net profit of the segment in 2021 was 6.9 million euros, exceeding the profit of the year before by 5.1 million euros. The pre-tax profit of the segment in 2021 was 7.4 million euros, which is 5.3 million euros more than the pre-tax profit in 2020. The pre-tax profit of the fourth quarter of 2021 was 1.6 million euros, which is 1.2 million euros more than the profit of the same period of the year before.

The vehicle sales in the fourth quarter were dominated by the deficit and availability of new vehicles arising from the deficit of car parts. Forward-looking planning of the stocks allowed the car trade segment of the Group to stand out and Kia to become the most-sold passenger car in Estonia in October. The sales margin and the profitability of the entire segment also grew in the conditions of increased demand.



## Security segment

The sales revenue of the security segment outside the Group in the fourth quarter of 2021 was 2.3 million euros, increasing by 16.0% in comparison with the same period of last year. The section of cash transport continued to grow fastest. The pre-tax loss earned in the segment was 0.1 million euros in the fourth quarter. The loss increased by 0.03 million euros compared to the same period last year. The sales revenue of the security segment in 2021 was 8.2 million euros, increasing by 35.9% compared to the previous year. The pre-tax profit in 2021 remained at zero, which is similar to the previous result.

2021 as a whole was an intensive year of rapid changes for the security segment. All sections of the company increased their business volumes and adjusted successfully in the unstable conditions. The increase in energy prices and the labour shortage, which significantly increased the labour costs in the last few months of the year, had the greatest negative impact on profitability.

## Real estate

The sales revenue earned in the real estate segment outside the Group was 5.3 million euros in 2021. Sales revenue increased by 3.1% compared to the previous year. The sales revenue earned in the segment outside the Group was 1.5 million euros in the fourth quarter. During the reference period, sales revenue increased by 5.1%. The pre-tax profit earned in the real estate segment was 12.1 million euros in 2021. The profit increased by 19.9% compared to the year before. The pre-tax profit earned in the segment was 4.1 million euros in the fourth quarter. The pre-tax profit increased by 56.9% in the reference period. The profit of the segment in the fourth quarter was affected by the annual evaluation of the fair value of the real estate investments, as a result of which the profit of the quarter increased by 2.2 million euros.

The coronavirus pandemic affected the sales revenue of the segment throughout 2021. The restrictions had the greatest impact on the rental premises and catering and entertainment establishments in central Tallinn. The Tartu Kaubamaja centre has recovered quickly from the restrictions, which were implemented to prevent the spread of the virus, compared to the year before. The growth in the sales revenue and profit in the segment in the second half of the year were supported by the commercial premises rented to external parties by the Latvian real estate undertaking. In the third quarter, the immovable property in Saare County was sold. The immovable property of the Laulasmaa Selver and commercial land in Harju County were acquired in 2021.

The transfer to green energy from 1 September was a landmark event for the real estate segment in 2021. This means that the electricity consumed on the commercial premises owned by the Group is 100% generated from renewable sources.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION



In thousands of euros

	31.12.2021	31.12.2020
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	29,981	32,757
Trade and other receivables	20,673	15,894
Inventories	68,369	77,334
Total current assets	119,023	125,985
Non-current assets		
Long-term receivables and prepayments	304	335
Investments in associates	1,745	1,712
Investment property	62,690	60,347
Property, plant and equipment	431,263	388,757
Intangible assets	20,284	20,148
Total non-current assets	516,286	471,299
<b>TOTAL ASSETS</b>	<b>635,309</b>	<b>597,284</b>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities		
Borrowings	40,646	49,402
Trade and other payables	111,345	102,841
Total current liabilities	151,991	152,243
Non-current liabilities		
Borrowings	238,705	217,349





Deferred tax liabilities	4,476	4,408
Provisions for other liabilities and charges	267	277
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Total non-current liabilities	243,448	222,034
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TOTAL LIABILITIES	395,439	374,277
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Equity		
Share capital	16,292	16,292
Statutory reserve capital	2,603	2,603
Revaluation reserve	109,543	102,630
Currency translation differences	0	-149
Retained earnings	111,432	101,631
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TOTAL EQUITY	239,870	223,007
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TOTAL LIABILITIES AND EQUITY	635,309	597,284
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#### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of euros

	IV quarter 2021	IV quarter 2020	12 months 2021	12 months 2020
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Revenue	217,545	201,253	821,648	741,938
Other operating income	2,339	309	4,332	1,285
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Cost of merchandise	-156,096	-147,608	-607,239	-556,712
Service expenses	-14,324	-12,647	-48,874	-44,009
Staff costs	-25,956	-23,016	-88,755	-78,301
Depreciation,				



amortisation and impairment losses	-9,932	-9,888	-38,963	-35,137
Other expenses	-464	-523	-931	-1,057
Operating profit	13,112	7,880	41,218	28,007
Finance income	2	1	4	2
Finance costs	-1,283	-1,272	-4,909	-4,239
Finance income on shares of associates accounted for using the equity method	27	20	183	191
Profit before tax	11,858	6,629	36,496	23,961
Income tax expense	-147	1,361	-4,480	-4,462
NET PROFIT FOR THE FINANCIAL YEAR	11,711	7,990	32,016	19,499
Other comprehensive income:				
Items that will not be subsequently reclassified to profit or loss				
Revaluation of land and buildings	9,284	11,225	9,284	11,225
Currency translation differences	-149	0	-149	0
Other comprehensive income for the financial year	9,135	11,225	9,135	11,225
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	20,846	19,215	41,151	30,724
Basic and diluted earnings per share (euros)	0.29	0.20	0.79	0.48



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