Company	Tallinna Kaubamaja Grupp AS
Type	Company Release
Category	Management interim statement or quaterly financial report
Disclosure time	13 Apr 2021 16:30:00 +0300

Attachments:
- Börs_Kaubamaja_1Q2021_eng.pdf (http://oam.fi.ee/en/download?id=5407)
- Börs_Kaubamaja_1Q2021_est.pdf (http://oam.fi.ee/en/download?id=5408)

Currency

Title Unaudited consolidated interim accounts for the first quarter of 2021

Segments (EURm)	Q1/21	Q1/20	yoy
Supermarkets	133.9	118.3	13.2%
Department stores	18.4	21.1	-13.1%
Cars	36.2	33.1	9.5%
Footwear	1.0	1.6	-38.5%
Real Estate	1.2	1.3	-7.7%
Total sales	190.8	175.5	8.7%

Supermarkets	1.5	3.4	-56.4%
Department stores	-1.7	-1.0	75.1%
Cars	1.2	0.3	344.1%
Footwear	-0.6	-0.9	-34.5%
Real Estate	2.5	2.7	-5.7%
IFRS 16	-0.7	-0.3	125.8%
Total profit before tax	2.2	4.1	-47.1%

In the first quarter of 2021, the consolidated unaudited sales revenue of Tallinna Kaubamaja Grupp was 190.8 million euros. Compared to the first quarter of 2020, when comparable sales revenue was 175.5 million euros, the increase was 8.7%. The net loss for the reporting period was 2.2 million euros, which increased by 0.4 million euros compared to the first quarter of 2020. The pre-tax profit was 2.2 million euros, which was 1.9 million euros less than a year earlier.

Similarly to the previous year, the first quarter of 2021 ended with the closing of the points of sale of the footwear trade segment, the industrial goods departments of the Kaubamaja department store segment, and I.L.U. stores. This year, the closure took place earlier - on 11 March. Last year, industrial goods departments were closed on 27 March, so this year gave a correspondingly stronger blow to the seasonal sales of fashion goods. This time, the Group's e-shops were better prepared for the sharp increase in the volume of orders, although the growth in e-shop sales did not compensate for the decrease in sales revenue due to store closures. The Group's car trade segment was the least affected by the closures - the security of supply of the car brands sold by the Group made it possible to achieve good sales and profit numbers. The profit in the supermarket segment was most affected by the one-time expenses for the integration of the store chain acquired last year into Selver's supply chain and IT systems. The transfer was accompanied by a few days of store closures to change the equipment. The largest one-off costs were labour costs for the training of staff in the transferred stores. From March, the security services business acquired from P. DUSSMANN EESTI OÜ at the end of 2020 was integrated into the composition of the security company Viking Security AS, which is reported in the Group's Kaubamaja department store segment. Labour costs in the Group increased by a total of 14.3% in the first quarter. The number of employees increased by 15.7%, i.e. by almost 700 people. The increase in assets due to previous investments and the revaluation of material assets was accompanied by an increase in depreciation of 1.9 million euros. The increase in depreciation due to the standard of lease agreements accounted for almost half of this, mainly due to the stores added to the Selver segment last year. The total estimated negative impact of IFRS 16 on profit was 0.4 million euros.

In the first quarter of 2021, one of the most important major developments of the Group in recent years was completed - the new production building of the central kitchen of Kulinaaria OÜ, the renovation of the previous factory building, and the interconnection were completed. The most labour-intensive innovation 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. The upgrade of the e-shop software platform was started in the reporting quarter. This year, Selver plans to renovate or expand five stores and continue to develop and expand the service area of the e-shop service to be nationwide.

Selver supermarkets

The consolidated sales revenue of the supermarket business segment in the first quarter of 2021 was 133.9 million euros, increasing by 13.2% compared to the previous year. The average monthly sales revenue per square metre of sales area in the first quarter of 2021 was 0.38 thousand euros, decreasing by 3.1% compared to the previous year. In terms of comparable stores, the sales revenue of goods per square metre of sales area was 0.39 thousand euros, remaining at the level of the previous year. In the first quarter of 2021, 9.5 million purchases were made from Selver stores, which is 2.8% more than in the comparable period a year earlier.

The consolidated pre-tax profit of the supermarket segment in the first quarter of 2021 was 1.5 million euros, which is 1.9 million euros less than in the previous year. The consolidated loss of the supermarket segment was 0.1 million euros, which is 1.3 million euros weaker than last year. The difference between the loss and profit before income tax is partly due to the income tax paid on dividends - in 2021; the income tax on dividends was 0.6 million euros lower than a year earlier.

From 1 June 2020, the results of the supermarket segment include the results of ABC Supermarkets.

Selver's comparison base for the first quarter is affected by the acquisition of the ABC Supermarkets store chain last year, which increased the number of Selver stores by 19. In February 2021, the sales activities of one store were terminated and at the end of the quarter, the sales activities will continue in the eighteen added stores. In addition, the comparability of the results is affected by the new Selver store opened in July 2020 and the renovation of one Selver store in the first quarter of the previous year, as well as the fact that last year was a leap year. Compared to the previous year, the sales volume of Selver's e-channel has tripled. The service area of e-Selver has been significantly expanded. By the end of the first quarter, e-Selver was represented in 13 counties, meaning that the e-Selver service is available to more than one million Estonians. E-Selver is the food and consumer goods chain with the largest service area in Estonia.

In the first quarter of this year, the transfer of the stores of the ABC Supermarkets chain 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 Delice stores and Solaris, the Delice Express service is now offered to customers - previously, these stores had self-service checkouts, but now customers can in addition conveniently make purchases with a scanner. This process involved a few days of store closures to change the equipment as well as one-off costs and investments.

The development of profit has been affected by the faster growth of labour costs, which is temporarily caused by the integration of ABC Supermarket store processes 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 leaves of employees.

Like the Estonian economy as a whole, the Supermarket segment is affected by changes in customers' purchasing behaviour and consumption habits related to the coronavirus that began last year, as well as continued increases in the cost of personal protective equipment for customers and employees.

Department stores

The sales revenue of the Kaubamaja department stores segment in the first 3 months of 2021 was 18.4 million euros, which was 13.1% less than in the same period of the previous year. The sales revenue of Kaubamaja department stores per square metre of sales area was 0.22 thousand euros per month in the first 3 months, which is 15.6% lower than in the same period last year. The pre-tax loss of Kaubamaja department stores in the first quarter of 2021 was 1.7 million euros, which was 0.7 million euros weaker than a year ago. The sales result of Kaubamaja department stores in the first quarter was affected by the sharp increase in coronavirus indicators in January, which is why the number of visitors in both Tallinn and Tartu Kaubamaja department stores decreased. Despite the modest sales of fashion goods, the sales of household goods showed success at the beginning of the year, and the Kodu Aeg (Time for Home) campaign at the beginning of February achieved the best results in recent years. Although the Ilu Aeg (Time for Beauty) campaign at the beginning of March also had a good start and gave hope for record results as well, the strict restrictions imposed by the Government of the Republic of Estonia on 11 March, which meant the closure of all industrial goods stores, had a profound negative effect on the campaign and all of March. As in the previous year, Kaubamaja department stores closed all departments of industrial goods in Tallinn and Tartu on 11 March (in 2020, they were closed on 27 March) and only food departments remained open. The Kaubamaja e-shop has grown strongly throughout the crisis period and has increased its results sixfold in terms of both turnover and number of visitors. The turnover of the Kaubamaja e-shop increased by 158% in the first quarter of 2021.

In the first quarter of 2021, the sales revenue of OÜ TKM Beauty Eesti, which operates the I.L.U. cosmetics stores, was 1.0 million euros, which was 9.7% less than in the same period in 2020. In the first quarter, the loss was 0.06 million euros, which increased by 12.6% compared to the comparable period of 2020. The result of the first quarter was negatively affected by consumers' caution when going to shopping centres due to the COVID-19 virus situation and the closure of stores in March. In the reporting quarter, the main focus in marketing and development activities was on supporting the e-shop, the results of which were strong as expected.

Car trade

The sales revenue of the car trade segment in the first quarter of 2021 was 36.2 million euros. Sales revenue increased by 9.5% compared to the previous year. In the first three months of the year, a total of 2,077 new vehicles were sold. In the first quarter of 2021, the Baltic car market decreased by 17%. In March, however, there was a light recovery in the market. The pre-tax profit of the segment for the first quarter of 2021 was 1.2 million euros, exceeding the profit for the comparable period of the previous year by 0.9 million euros. The strong result for the first quarter of 2021 can be attributed to the fact that there were no major delivery difficulties among the brands sold by the car trade segment of the Group. Profits were helped by the situation where new car inventories were not too high compared to market demand and there was no reason for additional discount campaigns.

Footwear trade

The sales revenue of the footwear trade segment was 1.0 million euros in the first quarter of 2021, decreasing by 38.5% compared to the previous year. The loss for the first quarter was 0.6 million euros, which is 0.3 million euros better result than in the same period last year. Sales revenue in the first quarter was affected by a significant decrease in the number of store visitors due to declining consumer demand and government's recommendations to restrict movement in the conditions of the spread of COVID-19. In March, at the beginning of the spring season, all stores were closed. Only the newly opened e-shops remained operational, the results of which were as expected.

Real estate

The sales revenue earned in the real estate segment outside the Group in the first quarter of 2021 was 1.2 million euros. Sales revenue decreased by 7.7% compared to the previous year. The pre-tax profit of the real estate segment in the first quarter of 2021 was 2.5 million euros. Compared to the reference period, profit decreased by 5.7%.

The decline in the segment's sales revenue and profit was again brought about by the restrictions imposed by the Government of the Republic to prevent the spread of the coronavirus, which meant the closure of shopping centres as of 11 March. Pharmacies, grocery stores, optician shops, pet stores, and sales points of telecommunications enterprises remained open in the centres. Service companies may continue to operate, ensuring a 25% occupancy requirement. Catering establishments are only open for selling food for takeaway. The restrictions have most affected the Tartu Kaubamaja department store, where the number of visitors to has decreased by almost 30% in the first quarter. The decrease in the number of visitors to Viimsi Shopping Centre was less than 20%. In addition to the decrease in sales revenue, the decrease in the segment's profit in the first quarter was caused by the increase in depreciation due to the revaluation of assets at the end of last year.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros

	31.03.2021	31.12.2020
ASSETS		
Current assets		
Cash and cash equivalents	26,072	32,757
Trade and other receivables	15,774	15,894
Inventories	84,992	77,334
Total current assets	126,838	125,985
Non-current assets		
Long-term receivables and prepayments	323	335
Investments in associates	1,760	1,712
Investment property	60,408	60,347
Property, plant and equipment	388,462	388,757
Intangible assets	20,276	20,148
Total non-current assets	471,229	471,299
TOTAL ASSETS	598,067	597,284

LIABILITIES AND EQUITY		
Current liabilities		
Borrowings	51,657	49,402
Trade and other payables	122,936	102,841
Total current liabilities	174,593	152,243
Non-current liabilities		
Borrowings	222,394	217,349
Deferred tax liabilities	4,408	4,408
Provisions for other liabilities and charges	277	277

Total non-current liabilities	227,079	222,034
TOTAL LIABILITIES	401,672	374,277
Equity		
Share capital	16,292	16,292
Statutory reserve capital	2,603	2,603
Revaluation reserve	102,037	102,630
Currency translation differences	-149	-149
Retained earnings	75,612	101,631
TOTAL EQUITY	196,395	223,007
TOTAL LIABILITIES AND EQUITY	598,067	597,284

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In thousands of euros

	3 months 2021	3 months 2020
Revenue	190,766	175,496
Other operating income	205	243
Cost of merchandise	-145,316	-134,030
Services expenses	-11,526	-10,534
Staff costs	-20,837	-18,233
Depreciation, amortisation and impairment losses	-9,857	-7,991
Other expenses	-250	-231

Operating profit	3,185	4,720
Finance income	1	
Finance costs	-1,076	-697
Share of net profit of associates accounted for using the equity method	48	55
Profit before tax	2,158	4,078
Income tax expense	-4,333	-5,821
NET LOSS FOR THE FINANCIAL YEAR	-2,175	-1,743
Other comprehensive income:		
Items that will not be subsequently reclassified to profit or loss		
Other comprehensive income for the financial year	0	0
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR	-2,175	-1,743
Basic and diluted earnings per share (euros)	-0.05	-0.04

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Chairman of the Board

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