

Company Tallinna Kaubamaja Grupp AS

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Attachments:

- Börs\_Kaubamaja\_2Q2021\_eng.pdf (<http://oam.fi.ee/en/download?id=5635>)

- Börs\_Kaubamaja\_2Q2021\_est.pdf (<http://oam.fi.ee/en/download?id=5636>)

Currency

Title Unaudited consolidated interim accounts for the second quarter and first six months of 2021

Segments (EURm)	Q2/21	Q2/20	Change	6m/21	6m/20	Change
Supermarkets	141,2	128,2	10,2%	275,1	246,5	11,6%
Department stores	20,8	15,8	31,6%	38,8	37,4	3,6%
Cars	41,8	24,8	68,6%	78,0	57,9	34,8%
Security	2,2	1,3	72,3%	3,7	2,5	48,2%
Real Estate	1,2	0,9	24,7%	2,4	2,3	5,7%
Total sales	207,2	171,0	21,2%	398,0	346,5	14,8%
Supermarkets	4,9	4,3	14,6%	6,3	7,6	-16,8%
Department stores	1,3	-0,3	-546,7%	-0,9	-2,1	-58,5%
Cars	2,2	0,5	335,7%	3,4	0,8	338,1%
Security	0,0	0,0	54,8%	0,0	0,0	-70,8%
Real Estate	2,4	2,0	24,1%	5,0	4,6	7,0%
IFRS 16	-1,0	-0,6	54,8%	-1,7	-1,0	79,2%
Total profit before tax	9,9	5,8	70,3%	12,1	9,9	21,9%



As of the interim reports for the second quarter and the first six months of 2021, the Group has decided to make a change in the structure of the reporting of operating segments. A new security segment has been brought out and the former footwear segment is added to the segment of department stores. The respective comparative data is adjusted retrospectively.

In the second quarter of 2021, the consolidated unaudited sales revenue of the Group was 207.2 million euros, which was 21.2% more than the sales revenue of the same period in 2020. The sales revenue in the first half of the year was 398.0 million euros, showing a growth of 14.8% compared to the result of the first half of 2020, when the sales revenue was 346.5 million euros. In the second quarter of 2021, the Group's unaudited consolidated net profit was 9.9 million euros, which was 70.3% higher than the profit of the comparable period in the previous year. The Group's net profit of the first six months of 2021 was 7.7 million euros, which was 89.9% higher than the result of the previous comparable period. The pre-tax profit earned in the first half was 12.0 million euros, showing a 21.9% increase compared to last year. Net profit was affected by the dividend payment, from which 4.3 million euros of income tax was calculated in the first quarter of 2021; 5.8 million euros of income tax was calculated a year before.

The excellent increase in the Group's sales figures in the second quarter was, on the one hand, caused by the lower sales result in the first half of 2020 due to the health crises and by the lower reference base due to the ABC Supermarkets stores, which were added from 1 June 2020 and, on the other hand, by better preparedness for fulfilling online orders during the period of restrictions arising from the crisis. The car trade segment provided a significant contribution to the increase in the sales revenue of the Group, which was based on the recovery of the car market and skilfully managed stocks, which ensured smooth car sales in the conditions of the car deficit, which negatively affected the market. The sales revenue of the department stores segment recovered well after the lifting of restrictions and an area of activity, which was acquired in 2021, helped to increase the sales result of the security segment. The profitability of all segments of the Group improved in the second quarter thanks to the better sales result and a slight increase in the gross margin. The salary expenses increased by 18.9% in the second quarter; thereat, the number of employees increased by 10.7% in connection with the expansion of the supermarkets and security segments.

Most of the stores of the department stores segment were again closed by an order of the Government of the Republic of Estonia from 11 March to 2 May to prevent the spread of the coronavirus. The fashion and industrial goods departments of the department stores segment, all I.L.U. stores, as well as the ABC King and SHU shoe stores were closed for visitors. The period during which those stores were closed was approximately a week longer compared to the period of restrictions in 2020. The Group applied for salary and operational expenditure state aid measures based on the criteria established by the state for four of the companies of the department stores segment of the Group whose



economic activities were extensively disturbed due to the crisis. The state covered the operating expenditure in the extent of 1.6 million euros, in total, within the framework of the salary and entrepreneurship support package, incl. in the extent of 0.4 million euros in the first quarter and 1.2 million euros in the second quarter (year before, the government supported the operations of the Group in the extent of 1.3 million euros, incl. 0.3 million euros in the first quarter and 1.0 million euros in the second quarter), thereby helping the Group to retain almost 800 jobs in the department stores segment. As in the year before, agreements were achieved with lessors to reduce the rental costs of closed sales areas. In spite of the 3.6% increase in the sales revenue of the department stores segment, cuts of expenses, and the state aid support measures, the department stores segment accumulated a loss of 1.3 million euros in the first six months of 2021.

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. Selver has been contributing actively to the development of e-commerce in the last six years to be a pioneer in the field of online shopping. One innovation allows the customers of e-Selver to track the journeys of their orders on the map, which is updated with an interval of 20 seconds.

In the department stores segment, the renovation of the Kaubamaja building in Tallinn commenced with the renovation of the beauty and food departments. The new food department is scheduled to be open in the end of August and the beauty department in full in the beginning of September.

Earlier, one of the most significant large-scale developments of the Group was completed in the first half of 2021 - completion of the new production building of the central kitchen of Kulinaaria OÜ with the renovation of the previous factory and the connection of the two production buildings. 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 started in the first quarter. Selver is planning to renovate or expand five stores this year.

#### Selver supermakets

The consolidated sales revenue of the supermarkets business segment in the first half of 2021 was 275.1 million euros, increasing by 11.6% compared to the previous year. The consolidated sales revenue was 141.2 million euros in the second quarter, increasing by 10.2% in comparison with the same period of last year. In the first half of 2021, 20.3 million purchases were made from the stores, which was 11.4% more than in the reference year. In the second quarter of 2021, the pre-tax profit and the net profit were 4.9 million euros, increasing by 0.6 million euros in comparison with the same period the year before. The consolidated pre-tax profit of the supermarkets segment was 6.3 million euros in the first six months, dropping by 1.3 million compared to the



year before. The net profit in the first six months was 4.8 million euros, decreasing by 0.7 million euros compared to the year before. As of 1 June, the supermarkets segment include the results of ABC Supermarkets, which has been merged with Selver for today.

As the Estonian economy as a whole, the supermarkets segment was also impacted by the changes in the purchase behaviour and consumption habits of customers in connection with the coronavirus, which broke out in March 2020 and has resulted in challenges in operating with the goods and continuously increased the expenses on the personal protective equipment for customers and employees. Selver's result is affected by the ABC Supermarkets, which was acquired in the second quarter of last year and which increased the number of Selver stores by 19. In February 2021, the sales activities of one acquired store were terminated and at the end of the half-year, the sales activities will continue in the eighteen added stores. The comparability of the results is also affected by the new Selver store, which was opened in July 2020 and by the renovation of one Selver store in the reference period, expansion of the sales area of two stores, and the impact of a leap year. 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 increased further, doubling in the first six months. The service area of e-Selver has been expanded in several stages since the beginning of the year and since June, it covers all of Estonia. 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.

This year, 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 the process of updating the IT software were accompanied by closing the stores for a few days for replacing the equipment, as well as by one-time expenses and investments. In the second quarter, activities have continued with the assortment of stores operating under the Selver ABC trademark, as well as the work continued on increasing the efficiency including the entire Selver chain. Investments were made in the popular SelveEkspress service in the first six months. Additional self-checkout tills have been added to the stores where the customers' interest in the service has significantly increased and opening of the SelveEkspress service in the Selver ABC stores has begun.

The development of profit has been affected by the faster growth of labour costs, which is temporarily caused by the integration of the store processes of ABC Supermarkets 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 impacted by the cost of depreciation of fixed assets in connection with the acquisition of ABC Supermarkets and bringing it under the Selver trademark. Selver is planning to renovate two more Selver



stores this year, rebrand the smaller-format Selver stores under the Selver ABC trademark, and develop the online store service to satisfy the constant high demand for the service.

#### Department stores

The sales revenue of the department stores segment in the six months of 2021 was 38.8 million euros, which was 3.6% better than in the comparable period of the previous year. The sales revenue of the second quarter was 20.8 million euros, which was 31.6% better than in the comparable period of the previous year. The average sales revenue of the Kaubamaja per square metre of selling space was 0.23 thousand euros per month in the six months, which is 2.7% higher than in the same period last year. The pre-tax loss of the department stores in the six months of 2021 was 0.9 million euros, which was 1.3 million euros better than a year ago. The pre-tax profit in the second quarter was 1.3 million euros, which is 1.6 million euros better than in the comparable period last year.

The sales result of the department stores segment was impacted by the strict restrictions established by the Government of the Republic of Estonia on 11 March, as a result of which, all industrial goods stores were closed. As in the previous year, the Kaubamaja department stores closed all departments of industrial goods in Tallinn and Tartu on 11 March (in 2020, they were closed on 27 March). Only the grocery stores remained open. One of the largest campaigns of Kaubamaja department stores, Osturalli, was only organised in the online store this year and the turnovers, which had multiplied last year, doubled this year as well. The online store of Kaubamaja has grown rapidly throughout the entire crisis period and the turnover of the six months is 67% better than in the comparable period in the year before. The stores were opened one week earlier, on 3 May, in the second quarter of this year (last year, the stores were opened on 11 May), and customers' demand for summer goods has been significantly higher compared to last year. Even though the renovation of the beauty department in Tallinn commenced in June and the food department in Tallinn was closed fully for repair works on 25 June, the turnovers in June even exceeded the level of 2019.

In the second quarter of 2021, the sales revenue of OÜ TKM Beauty Eesti, which operates the I.L.U. cosmetics stores, was 1.0 million euros, increasing by 10.9% compared to the same period in 2020. The profit was 0.03 million euros in the second quarter of 2021, which is 0.01 million euros less than in the comparable period in 2020. The sales revenue in the first six months of 2021 was 2.0 million euros, which is 0.5% less than in the same period of 2020. The loss for the first six months of 2021 was 0.03 million euros, which was 0.02 million euros higher than the loss of the comparable period of 2020.

The sales revenue of the shoe stores of TKM King AS, which are being reported under the department stores segment as of 1 April 2021, was 2.6 million euros in the first six months of 2021. Compared to the year before, the sales revenue of the first six months decreased by 11.0%. The loss for the first half of 2021 was 0.6 million euros, which decreased by 0.5 million euros compared to the same



period in 2020. The sales revenue of shoe stores in the second quarter was 1.6 million euros, which is 22.9% more than in the same period last year. The profit for the second quarter was 0.04 million euros, which is 0.2 million euros better than in the same period last year.

#### Car trade

The sales revenue of the car trade segment in the first half of 2021 was 78.0 million euros. The sales revenue was 34.8% higher than the sales revenue in the same period the year before. The 41.8-million-euro sales revenue of the second quarter was 68.6% higher than the sales revenue in the second quarter of 2020. A total of 3,306 new vehicles were sold in the first six months, with 1,734 vehicles sold in the second quarter. The net profit of the segment in the first six months of 2021 was 3.1 million euros, exceeding the profit for the same period of the year before by 2.9 million euros. The pre-tax profit of the segment for the first half of 2021 was 3.4 million euros, exceeding the profit for the first half of 2020 by 2.6 million euros. The pre-tax profit of the second quarter of 2021 was 2.2 million euros, which is 1.7 million euros more than the profit of the same period of the year before.

The good financial results of the car trade segment in the second quarter arose from the recovery of the car market thanks to the stronger determination of customers in replacing their cars and thanks to the skilfully planned new car stocks of the car trade segment of the Group, which enabled to deliver cars to customers in a timely manner during the global deficit and prevented any loss of sales transactions due to delivery difficulties. The companies of the car trade segment of the Group have also participated successfully in public procurements and cooperated with car rental companies. The growing fleet of brands represented by the Group's car trade segment ensures the growth of after-sales service. The most modern Peugeot dealership in Estonia, opened in Tallinn in 2020, was awarded the titles of the best sales representative and the best after-sales service at the annual Baltic Peugeot Representatives Conference. Even though the manufacturers' delivery problems call for caution, a number of important new models are expected, such as the new Kia Sportage, an update of the Kia Ceed model, an updated Skoda Kodiaq, and the brand new Skoda Fabia.

#### Security segment

The sales revenue earned in the security segment outside the Group in the first half of 2021 was 3.7 million euros. The sales revenue of the first six months increased by 48.2% compared to the year before. The sales revenue in the second quarter was 2.2 million euros, which is 72.3% more than in the same period last year. The pre-tax loss of the security segment in the first half of 2021 was 0.01 million euros. The loss decreased by more than half compared to the first six months of 2020. The pre-tax profit of the segment in the second quarter was 0.05 million euros, which is 54.8% more than in the same period last year.

In March, post-acquisition incorporation of the security service business of P. Dussmann Eesti OÜ with Viking Security was completed successfully, which had a



positive impact of 0.1 million euros per month on the sales revenue. In the same time, all areas of activity continued to grow successfully. As of June, the situation on the labour market has clearly changed and has a negative impact on the growth of the sector of manned surveillance and increases the labour costs through the conditions of labour shortage, which have occurred. Viking Security was declared the best in three of the four categories by the Estonian Security Association this year: the best security worker, the best security deed of the year, and an acknowledged security solution.

Real estate

The sales revenue earned in the real estate segment outside the Group in the first half of 2021 was 2.4 million euros. The sales revenue increased by 5.7% compared to the same period last year. The sales revenue earned in the segment outside the Group was 1.2 million euros in the second quarter. During the reference period, sales revenue increased by 24.7%. The pre-tax profit of the real estate segment in the first half of 2021 was 5.0 million euros. Compared to the reference period, the profit increased by 7.0%. The pre-tax profit earned in the segment was 2.4 million euros in the second quarter. The pre-tax profit increased by 24.1% in the reference period.

The remarkable growth in the sales revenue and the profit of the segment in the second quarter arose from improved coping in the conditions of the restrictions established to prevent the spread of COVID-19 compared to the year before. In the second quarter, the number of visits to shopping malls increased by up to a third compared to the year before. Only pharmacies, grocery stores, opticians' shops, pet stores, and sales points of telecommunications enterprises remained open in the spring of 2020. During this shutdown period, service companies could remain open, but were required to observe the 25% occupancy limit on their premises. Catering establishments remained open for selling take-out.

The restrictions have had a greater impact on the Tartu Kaubamaja shopping mall. In the last few months, the number of visits to the Viimsi Keskus shopping mall has reached a level which is close to the level of 2019.

Due to the uncertainty concerning the economic impact of the pandemic, the volume and schedule of future development works are approached cautiously.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros

	30.06.2021	31.12.2020
ASSETS		
Current assets		



Cash and cash equivalents	9,952	32,757
Trade and other receivables	18,009	15,894
Inventories	75,238	77,334
Total current assets	103,199	125,985
Non-current assets		
Long-term receivables and prepayments	323	335
Investments in associates	1,809	1,712
Investment property	60,430	60,347
Property, plant and equipment	406,086	388,757
Intangible assets	20,226	20,148
Total non-current assets	488,874	471,299
TOTAL ASSETS	592,073	597,284
LIABILITIES AND EQUITY		
Current liabilities		
Borrowings	38,165	49,402
Trade and other payables	94,128	102,841
Total current liabilities	132,293	152,243
Non-current liabilities		
Borrowings	248,798	217,349
Deferred tax liabilities	4,408	4,408
Provisions for other liabilities and charges	277	277
Total non-current liabilities	253,483	222,034
TOTAL LIABILITIES	385,776	374,277
Equity		





Share capital	16,292	16,292
Statutory reserve capital	2,603	2,603
Revaluation reserve	101,444	102,630
Currency translation differences	-149	-149
Retained earnings	86,107	101,631
<b>TOTAL EQUITY</b>	<b>206,297</b>	<b>223,007</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>592,073</b>	<b>597,284</b>

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of euros

	II quarter 2021	II quarter 2020	6 months 2021	6 months 2020
Revenue	207,187	171,008	397,953	346,504
Other operating income	1,151	417	1,356	660
Cost of merchandise	-154,986	-129,062	-300,302	-263,092
Service expenses	-11,337	-9,612	-22,863	-20,146
Staff costs	-21,300	-17,913	-42,137	-36,146
Depreciation, amortisation and impairment losses	-9,615	-7,871	-19,472	-15,862
Other expenses	-59	-146	-309	-377
<b>Operating profit</b>	<b>11,041</b>	<b>6,821</b>	<b>14,226</b>	<b>11,541</b>



Finance income	1	0	2	0
Finance costs	-1,189	-1,066	-2,265	-1,763
Finance income on shares of associates accounted for using the equity method	49	59	97	114
Profit before tax	9,902	5,814	12,060	9,892
Income tax expense	0	-1	-4,333	-5,822
NET PROFIT FOR THE FINANCIAL YEAR	9,902	5,813	7,727	4,070
Other comprehensive income:				
Items that will not be subsequently reclassified to profit or loss				
Other comprehensive income for the financial year	0	0	0	0
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	9,902	5,813	7,727	4,070
Basic and diluted earnings per share (euros)	0.24	0.14	0.19	0.10

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Chairman of the Board

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