

Company AS BALTIKA
Type Company Release
Category Management interim statement or quaterly financial report
Disclosure time 15 Jul 2021 09:00:00 +0300

Attachments:

- Baltika_interim_2Q2021.pdf (<http://oam.fi.ee/en/download?id=5637>)
- Baltika_vahearuanne_2Q2021.pdf (<http://oam.fi.ee/en/download?id=5638>)

Currency

Title Baltika's Unaudited Financial Results, Second Quarter and 12 Months of 2021

Baltika Group ended the second quarter with a net profit of 37 thousand euros. The profit for the same period last year was 3,965 thousand euros but this included one-off reorganisation impact in the amount 5 905 thousand euros. Therefore the result signifies an improvement of 1,977 thousand euros compared to last year's regular business result.

The Group's sales revenue for the second quarter was 3,207 thousand euros, decreasing by 13% compared to the same period last year. The main reasons for the decrease in retail sales were represented by the closures of 33 unprofitable stores all over the Baltics as well as by the negative impact of the second wave of COVID-19 with all restrictions in place, particularly and mostly during April and May.

The precisely second wave of COVID-19 restrictions was eased in the second quarter as Estonian stores were fully open from 3(rd) May, Lithuanian from 29(th) May, and Latvian stores from 3(rd) June 2021. E-com sales revenue in second quarter 2021 decreased by 41% for approximately 270 thousand euro, mostly driven by the logical shift towards off-line stores due to the easing of all restrictions during 2(nd) half of second quarter. However, results on year to date are still showing a very strong performance +16% in sales and +32% in gross profit, despite the Company's strategic decision of discontinuing with Monton and Baltman brands.

The gross profit for the quarter was 1,656 thousand euros, decreasing by 166 thousand euros compared to the same period of the previous year (Q2 2020: 1,822 thousand euros) in line with the sales decrease. The company's gross profit margin was 51.6% in the second quarter, which is 2.4 percentage points higher than the margin of the second quarter of the previous year (Q2 2020: 49.2%). The increase in gross profit margin is a consequence of the Group's strategic decision to be more focused on full price sales with a full review of the whole



product offer (clothes and accessories) to be more aligned with new customer needs.

The Group's distribution and administrative expenses in the second quarter were 2,036 thousand euros, decreasing by 42% i.e., 1,489 thousand euros compared to the same period last year. Over 60% of the decrease in expense relates to a reduction in a retail business. The head-office distribution and administrative expense decreased a further 310 thousand euros compared to the same period last year as main changes in head-office took place after second quarter 2020.

In the first half of the year, the Group's sales revenue decreased by 46% compared to the same period last year and amounted to 5,339 thousand euros. Retail sales decreased by 54%, while sales revenue of the e-store increased by 16%. The Group ended the half-year with a net loss of 1,618 thousand euros. The comparable result of the previous year was a net profit of 1,491 thousand euros, including the one-off positive impact of the reorganisation process of 5,905 thousand euro. Group half year performance was a loss mostly driven and caused by all COVID-19 restrictions in all Baltic countries already in place from 1(st) of January 2021 and also due to the fact that first quarter has always been relatively weak in a retail business. Despite all difficulties due to COVID-19 restrictions which have heavily affected the whole Baltic retail business during the second quarter, the Group has shown a very strong and resilient new business model capable to deliver a profit already by the end of second quarter.

Second quarter of 2021 marks the end of Baltika Group's operational turnaround and hopefully also of COVID-19 restrictions. Baltika Group's focus during the second quarter of 2021 was the one to optimise even further the whole store network with some important unprofitable store closures across the Baltics and to keep under strict control all operating expenses. Meanwhile new contract for a professional warehouse service provider correlating to volumes has been signed during April 2021 and this will give the chance to Baltika Group to get a more flexible and effective logistic cost structure in line with Group's buying volumes.

The quarter was finished with a profit and in a strong financial position to go forward to the next period when all the focus will be mostly on the new Ivo Nikkolo brand launch.

Consolidated statement of financial position

	30 June 2021	31 Dec 2020

ASSETS		
Current assets		



Cash and cash equivalents	772	1,427
Trade and other receivables	155	318
Inventories	3,126	3,467
Total current assets	4,053	5,212
Non-current assets		
Deferred income tax asset	140	140
Other non-current assets	143	111
Property, plant and equipment	968	1,218
Right-of-use assets	6,795	9,199
Intangible assets	590	597
Total non-current assets	8,626	11,255
TOTAL ASSETS	12,679	16,477

LIABILITIES AND EQUITY

Current liabilities

Borrowings	377	252
Lease liabilities	2,460	3,127
Trade and other payables	2,775	3,019
Total current liabilities	5,612	6,398

Non-current liabilities

Borrowings	1,356	874
Lease liabilities	4,617	6,493
Total non-current liabilities	5,973	7,367
TOTAL LIABILITIES	11,585	13,765



EQUITY

Share capital at par value	5,408	5,408
Reserves	3,931	3,931
Retained earnings	-6,627	-6,250
Net profit (loss) for the period	-1,618	- 377
TOTAL EQUITY	1,094	2,712
TOTAL LIABILITIES AND EQUITY	12,679	16,477

Consolidated statement of profit and loss and comprehensive income

	2Q 2021	2Q 2020	6m 2021	6m 2020

Revenue	3,208	3,707	5,339	9,844
Cost of goods sold	-1,552	-1,885	-2,811	-5,275
Gross profit	1,656	1,822	2,528	4,569
Distribution costs	-1,696	-2,806	-3,837	-7,006
Administrative and general expenses	-340	-718	-835	-1,510
Other operating income (-expense)	451	5,841	685	5,878
Operating profit (loss)	71	4,139	-1,459	1,931
Finance costs	-34	-174	-159	-440
Profit (loss) before income tax	37	3,965	-1,618	1,491



Income tax expense	0	0	0	0
Net profit (loss) for the period	37	3,965	-1,618	1,491
Total comprehensive income (loss) for the period	37	3,965	-1,618	1,491
Basic earnings per share from net profit (loss) for the period, EUR	0,00	0,07	-0,03	0,03
Diluted earnings per share from net profit (loss) for the period, EUR	0,00	0,07	-0,03	0,03

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(https://www.globenewswire.com/Tracker?data=kFHNBackukURPkBgqkS4_rE3af1hnX2WFHbG2wSR7vUxnJNNRHOWQAI9OIFKOeGU6s1b1ExNNPSWUeCwF6zC8DKwnyXrybbeLrWnrHmC6Ex_WNr6PO5HfTM0arK691F9)

