

Company AS BALTIKA
Type Company Release
Category Management interim statement or quaterly financial report
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Attachments:

- Baltika_Interim_report_3Q 2021.pdf (<http://oam.fi.ee/en/download?id=5817>)
- Baltika_Vahearuanne_3Q 2021.pdf (<http://oam.fi.ee/en/download?id=5818>)

Currency

Title Baltika's Unaudited Financial Results, Third Quarter and 9 Months of 2021

Baltika Group ended the third quarter with a net loss of 392 thousand euros, which included one-off costs of 310 thousand euros mostly due to 8 store closures done during Q3 2021. The loss for the same period last year was 516 thousand euros.

The Group's sales revenue for the third quarter was 3,817 thousand euros, decreasing by 33% compared to the same period last year. The main reasons for the decrease in retail sales were represented by the closures of 37 unprofitable stores done in the meantime all over the Baltics as well as a delay in the arrival of goods in stores due to global supply problems, which had a negative impact on our sales results, particularly during August and September.

E-com sales revenue in the third quarter of 2021 decreased by 21% for approximately 84 thousand euro, mostly driven by the logical shift towards off-line stores due to the easing of all restrictions during the third quarter. However, the 9-month results still show strong sales growth of 6% and 22% increase in gross profit compared to the same period last year, despite the company's strategic decision to discontinue the Monton and Baltman brands.

The gross profit for the quarter was 1,920 thousand euros, decreasing by 963 thousand euros compared to the same period of the previous year (Q3 2020: 2,884 thousand euros) in line with the sales decrease as a logical consequence of a lower number of stores managed in our Group portfolio. The company's gross profit margin was 50,3% in the third quarter, which is 0,6 percentage points lower than the margin of the third quarter of the previous year (Q3 2020: 50,9%). The decrease in gross profit is mostly due to the sale of residual Baltman stock in our existing stores all over the Baltics and in particular in the Estonian market.

The Group's distribution and administrative expenses in the third quarter were



2,590 thousand euros, decreasing by 16% i.e., 498 thousand euros compared to the same period last year. More than 60% of the decrease in expense was related to cost reductions in a retail business, in particular with decrease in payroll costs by 24% compared to the same period last year.

In the first 9 months of the year, the group's revenue decreased by 41% compared to the same period last year to 9,156 thousand euros. Retail sales revenue decreased by 46%, while e-store sales revenue increased by 6%. The Group's 9-month result shows a loss, mainly caused by a negative impact of one cost due to 26 store closures executed during the last 9 months and also by COVID-19 restrictions in all Baltic countries which have affected our business already from 1 January 2021 until the end of May 2021. During the third quarter, our Omnichannel (on-line and off-line stores) has been affected also by well known global supply issues, which meant that seasonal autumn goods did not reach our retail network and e-store on time as originally planned.

Baltika Group's focus during the third quarter of 2021 was to optimize even further the whole store network with some important unprofitable store closures across the Baltics and to keep under strict control all operating expenses as well as on the renewed Ivo Nikkolo brand launch.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 Sept 2021	31 Dec 2020

ASSETS			
Current assets			
Cash and cash equivalents	3	773	1,427
Trade and other receivables	4	190	318
Inventories	5	2,954	3,467
Total current assets		3,917	5,212
Non-current assets			
Deferred income tax asset		140	140
Other non-current assets	4	149	111
Property, plant and equipment	6	919	1,218
Right-of-use assets	8	6,484	9,199
Intangible assets	7	572	597



Total non-current assets		8,264	11,255
TOTAL ASSETS		12,181	16,477
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings	9	358	252
Lease liabilities	8	1,955	3,127
Trade and other payables	10,11	3,083	3,019
Total current liabilities		5,396	6,398
Non-current liabilities			
Borrowings	9	1,259	874
Lease liabilities	8	4,824	6,493
Total non-current liabilities		6,083	7,367
TOTAL LIABILITIES		11,479	13,765
EQUITY			
Share capital at par value	12	5,408	5,408
Reserves	12	3,931	3,931
Retained earnings		-6,627	-6,250
Net profit (loss) for the period		-2,010	- 377
TOTAL EQUITY		702	2,712
TOTAL LIABILITIES AND EQUITY		12,181	16,477

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME



	Note	3Q 2021	3Q 2020	9m 2021	9m 2020

Revenue	13,14	3,817	5,658	9,156	15,502
Cost of goods sold	15	-1,896	-2,774	-4,707	-8,048
Gross profit		1,921	2,884	4,449	7,454
Distribution costs	16	-2,287	-2,806	-3,837	-7,006
Administrative and general expenses	17	-303	-718	-835	-1,510
Other operating income (-expense)	18	369	5,841	685	5,878
Operating profit (loss)		-300	4,139	-1,459	1,931
Finance costs	19	-92	-194	-251	-635
Profit (loss) before income tax		-392	-516	-2,010	975
Income tax expense		0	0	0	0
Net profit (loss) for the period		-392	-516	-2,010	975
Total comprehensive income (loss) for the period		-392	-516	-2,010	975
Basic earnings per share from net profit (loss) for the period, EUR	20	-0.01	-0.01	-0.04	0.02



Diluted earnings per share from net profit (loss) for the period, EUR	20	-0.01	-0.01	-0.04	0.02
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