

Company AS BALTIKA  
Type Company Release  
Category Management interim statement or quaterly financial report  
Disclosure time 28 Feb 2023 08:00:00 +0200

Attachments:

- Baltika\_Interim\_Report\_4Q 2022.pdf (<http://oam.fi.ee/en/download?id=7049>)
- Baltika\_Vahearuanne\_4Q 2022.pdf (<http://oam.fi.ee/en/download?id=7050>)

Currency

Title Baltika's unaudited financial results, fourth quarter and 12 months 2022

The Group's fourth quarter sales revenue across all channels totalled 2,803 thousand euros, increasing by 7% compared to the same period last year (Q4 2021: 2,614 thousand euros). Sales revenue for 12 months reached 9,613 thousand euros, decreasing by 18% compared to the previous year (2021: 11,770 thousand euros). In 2022, the sales revenue of the e-store accounted for 10% (2021: 17%) of the Group's total revenue.

The year 2022 brought with it strong growth in sales of Ivo Nikkolo products. The sales revenue of Ivo Nikkolo products increased by 38% to 9,482 thousand euros in 2022. In 2022, sales of Ivo Nikkolo products accounted for 98% of the Group's total sales revenue. From the second half of 2021, the Group operated with only one brand - Ivo Nikkolo. In 2021, the sales revenue of the discontinued brands Monton, Mosaic, Baltman and Bastion made up 42%, the remaining 58% of the sales revenue was made up by the sale of Ivo Nikkolo products.

In the fourth quarter, the Group showed strong sales revenue growth in both retail and e-store sales. Fourth quarter retail sales were 2,530 thousand euros, increasing by 6% compared to the same period last year (Q4 2021: 2,395 thousand euros). The sales revenue of the e-store in the fourth quarter was 235 thousand euros, which is 13% higher compared to the same period last year (Q4 2021: 209 thousand euros).

In the last quarter of the year, we continued to update our store network. At the end of November, we opened the first new Ivo Nikkolo concept store in Lithuania - we replaced the old Ivo Nikkolo store in the Vilnius Panorama shopping centre with a new Ivo Nikkolo concept store. Panorama shopping centre is located in Zhverynas, one of the oldest and most prestigious business and residential districts in the centre of Vilnius. Panorama shopping centre is highly valued among visitors for its bright interior design, comfortable



shopping environment and high-quality service. In the fourth quarter, Ivo Nikkolo's main focus was on marketing activities. In October, we started an extensive brand awareness campaign in Latvia and Lithuania, which lasted for three months. In addition to the above, Ivo Nikkolo presented a modern feminine clothing and accessory collection at the two biggest fashion events in the Baltics, which were Riga Fashion Week (11.10.2022) and Tallinn Fashion Week (20.10.2022).

The gross profit of the fourth quarter was 1,579 thousand euros, decreasing by 5% compared to the same period last year (Q4 2021: 1,671 thousand euros). Gross profit for 12 months was 4,938 thousand euros, decreasing by 19% compared to the same period last year (12 months 2021: 6,120 thousand euros). The decrease in gross profit is due to the fact that the Group operates with only one brand (Ivo Nikkolo) in 2022, but in the comparable period, a significant part of the Group's sales revenue was the sales results of the discontinued brands Monton, Mosaic, Baltman and Bastion. The Group's gross profit margin was 56% in the fourth quarter, while the comparable period's gross profit margin was 64%. The decrease in the gross profit margin by 8 percentage points is due to the increase in raw material and transportation prices in the second half of 2022 and the strengthening of the US dollar, which led to a significant increase in costs in the purchase price and delivery of goods. The Group has only partially passed on the price increase to customers, which explains the decrease in the gross profit margin compared to the comparison period. The Group's 12-month gross profit margin was 51%, remaining at a similar level compared to the same period last year (12M 2021: 52%).

The net loss for the fourth quarter was 561 thousand euros, the result of the comparable period was a net loss of 890 thousand euros. The Group's 12-month net profit was 3,493 thousand euros. The 12-month result is significantly affected by the conclusion of the contract for the sale of the Ivo Nikkolo trademarks and the contract for the exclusive use of the Ivo Nikkolo trademarks in August. The result for 12 months without considering the sale transaction of Ivo Nikkolo trademarks was a net loss of 3,943 thousand euros. In the comparable period, there was a net loss of 2,900 thousand euros.

The Group's distribution and administrative expenses were 2,084 thousand euros in the fourth quarter, decreasing by 9% compared to the same period last year (Q4 2021: 2,289 thousand euros). Despite high inflation and the energy crisis, the Group has been able to reduce distribution and administrative expenses through consistent cost reduction, increased efficiency and closure of unprofitable stores.

The Management Board of the Group assesses the results of 12 months as positive. The Group was able to strongly increase the sales revenue of Ivo Nikkolo products and maintain good gross profitability despite the uncertain economic environment, increased raw material and transport prices and the volatility of the US dollar. Consistently increasing efficiency and closing unprofitable stores has gradually improved the Group's financial indicators. Increasing efficiency will continue to be the Group's focus. The Group remains committed to



its chosen strategy and continues to implement it:

1. By developing modern, high-quality products in our women's fashion brand Ivo Nikkolo, which is available in Estonia, Latvia and Lithuania and in other European countries through our e-store.
2. By continuing the development of our omnichannel strategy and e-store functionalities.
3. By continuing to open new Ivo Nikkolo concept stores in the Baltics.

#### Ongoing quarter

The Group's sales revenue in the period 01.01.2023 - 26.02.2023 was 1,365 thousand euros, decreasing by 6% compared to the same period last year. The decrease in sales revenue compared to the previous period is due to the following circumstances:

1. In the first quarter of 2022, deeply discounted products were sold, which led to a very high demand for products. The impact of the discount can be seen in the Group's gross profit margins: the gross profit margin for the period 01.01.2023 - 26.02.2023 was 56%, the gross-profit margin for the comparable period was 43%. Well-managed discount campaigns in the current quarter have significantly improved the Group's gross profitability compared to the comparable period; and
2. Closure of unprofitable stores has decreased sales revenue. In January 2022, the Group had 8 stores more than this year, and in February 2022, 5 stores more than this year.

Retail sales efficiency during the period 01.01.2023 - 26.02.2023 (sales per m2 per month, EUR) was 119 EUR, increasing by 27% compared to the same period last year.

At the beginning of January, we joined the Tango e-shop packaging recycling system. The goal of joining the system is to reduce the amount of disposable packaging waste generated when shopping in our e-store. From now on, our customers have the opportunity to order their goods in Low imPACK reusable packaging and get the deposit money back after returning the packaging. Among the clothing trade companies, Baltika is the first to have joined the e-shop's packaging circulation system with its Ivo Nikkolo brand e-shop.

At the beginning of January, we closed our Ivo Nikkolo store in Vilnius Akropolis shopping centre in Lithuania due to the expiration of the lease. The new Ivo Nikkolo concept store opened in Lithuania in November 2022 in the Vilnius Panorama shopping centre has been well received by our former Vilnius Akropolis centre customers.

At the beginning of February, we reopened the brand store at Ivo Nikkolo Suur-Karja 14. The store was closed in November 2020, when during the COVID pandemic, the legendary location of the Suur-Karja street store became commercially problematic due to the lack of tourists. In today's market situation, the Group



again believes in the potential of this region. In addition to the above, in the current quarter we will finish the renovation of the Ivo Nikkolo store in the Galleria Riga shopping centre in Latvia, as a result of which we will open a new Ivo Nikkolo concept store in Latvia at the beginning of March.

#### Consolidated statement of financial position

	31 Dec 2022	31 Dec 2021
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ASSETS		
Current assets		
Cash and cash equivalents	222	614
Trade and other receivables	3,285	696
Inventories	2,056	2,491
Total current assets	5,562	3,801
Non-current assets		
Deferred income tax asset	91	80
Trade and other receivables	2,756	0
Other non-current assets	107	172
Property, plant and equipment	1,269	855
Right-of-use assets	4,602	6,210
Intangible assets	586	631
Total non-current assets	9,411	7,948
TOTAL ASSETS	14,973	11,749
LIABILITIES AND EQUITY		
Current liabilities		
Borrowings	3,096	364
Lease liabilities	1,714	2,050



Trade and other payables	1,950	2,438
Total current liabilities	6,760	4,852
Non-current liabilities		
Borrowings	1,070	2,425
Lease liabilities	3,364	4,333
Trade and other payables	147	0
Total non-current liabilities	4,582	6,758
TOTAL LIABILITIES	11,342	11,611

#### EQUITY

Share capital at par value	5,408	5,408
Reserves	4,431	4,431
Retained earnings (-losses)	-6,208	-9,701
TOTAL EQUITY	3,631	138
TOTAL LIABILITIES AND EQUITY	14,973	11,749

#### Consolidated statement of profit or loss and other comprehensive income

	4Q 2022	4Q 2021	12m 2022	12m 2021
Revenue	2,803	2,614	9,613	11,770
Cost of goods sold	-1,223	-943	-4,675	-5,650
Gross profit	1,579	1,671	4,938	6,120
Distribution costs	-1,779	-1,960	-7,111	-8,084
Administrative and general expenses	-305	-329	-1,448	-1,467



Other operating income (-expense)	-12	-128	7,408	926
Operating profit (loss)	-518	-746	3,787	-2,505
Finance costs	-53	-79	-304	-330
Profit (loss) before income tax	-571	-825	3,483	-2,835
Income tax expense	11	-65	11	-65
Net profit (loss) for the period	-561	-890	3,493	-2,900
Total comprehensive income (loss) for the period	-561	-890	3,493	-2,900
Basic earnings per share from net profit (loss) for the period, EUR	-0,01	-0,02	0,06	-0,05
Diluted earnings per share from net profit (loss) for the period, EUR	-0,01	-0,02	0,06	-0,05

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