

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

- Baltika Interim Report 1Q 2023.pdf (<http://oam.fi.ee/en/download?id=7472>)
- Baltika Vahearuanne 1Q 2023.pdf (<http://oam.fi.ee/en/download?id=7473>)

Currency

Title Baltika's unaudited financial results, first quarter of 2023

Despite a challenging economic environment, there are several areas where developments are moving in the right direction for the Group. Processes related to cost optimization, efficiency improvement, and profitability enhancement continue, and decisions made in previous periods are already having a positive impact on the Group's financial results.

The Group's total sales revenue for the first quarter across all channels was 2,160 thousand euros, increasing by 4% compared to the same period last year (Q1 2022: 2,075 thousand euros). The first-quarter gross profit was 1,150 thousand euros (Q1 2022: 849 thousand euros), representing a 35% increase compared to the same period last year. The gross profit margin for this quarter improved by 12 percentage points compared to the same time last year and was 53%. The Group's operating loss in the first quarter was 586 thousand euros, decreasing by 54% compared to the same period last year. In the first quarter, e-commerce sales accounted for 12% (Q1 2022: 16%) of the Group's total revenue.

In the first quarter of the year, we continued working on updating our network of stores:

- \* In January, we closed our Ivo Nikkolo store in Vilnius Akropolis shopping center in Lithuania due to the end of the lease agreement. The new Ivo Nikkolo concept store opened in November 2022 in Vilnius Panorama shopping center in Lithuania has been well-received by our former Vilnius Akropolis center customers.
- \* In February, we reopened the Ivo Nikkolo brand store located at Suur-Karja 14 address. The store was closed in November 2020 when the legendary location of the Suur-Karja street store became commercially challenging due to the absence of tourists during the COVID pandemic.
- \* In March, we opened a new Ivo Nikkolo concept store in Latvia. We replaced our old Ivo Nikkolo store in Galleria Riga shopping center with a new Ivo



Nikkolo concept store.

In February, the Group began preparations for entering the Business-to-Business (B2B) market. In the B2B segment, the Group's focus is on finding business partners for wholesale and consignment sales both within and outside the Baltics. The goal of entering the B2B segment is to support the growth of Ivo Nikkolo product sales, increase brand awareness, and stabilize the Group's liquidity position.

The Group has continued its commitment to addressing environmental changes. At the beginning of January, we joined the packaging circular system called Tango for e-commerce platforms. The aim of joining the system is to reduce the amount of single-use packaging waste generated from shopping on our e-commerce platform. Our customers now have the option to order their products in reusable packaging called Low imPACK and receive a deposit refund upon returning the packaging. Among clothing retail companies, the Group is the first to have joined the e-commerce packaging circular system with its Ivo Nikkolo brand e-store.

The Group's marketing and general administrative expenses in the first quarter were 1,870 thousand euros, decreasing by 15% compared to the same period last year (Q1 2022: 2,193 thousand euros). The Group has been able to effectively reduce marketing and general administrative expenses through consistent cost-cutting measures, efficiency improvements, and the closure of unprofitable stores.

The Group's management evaluates the results of the first quarter as positive. The Group managed to increase the sales revenue of Ivo Nikkolo products and significantly improve the gross profitability of the Group. The consistent increase in efficiency and the closure of unprofitable stores have gradually improved the Group's financial indicators. Increasing efficiency will continue to be a focus for the Group going forward.

The Group remains committed to its chosen strategy and continues its implementation by:

1. Developing modern and high-quality products in its women's fashion brand, Ivo Nikkolo, which are available in Estonia, Latvia, and Lithuania, as well as through the Group's e-commerce platform in other European countries.
2. Continuing to enhance its omnichannel strategy and the functionality of its e-commerce platform.
3. Opening new Ivo Nikkolo concept stores in the Baltics.
4. Exploring and developing new business opportunities both within and outside the Baltics.

Ongoing quarter

The group's sales revenue for the period of April 1, 2023, to May 29, 2023, was 1,518 thousand euros, remaining at a similar level compared to the same period



last year (April 1, 2023, to May 29, 2023: 1,532 thousand euros). The retail sales efficiency (sales per square meter per month, EUR) was 114 EUR, increasing by 16% compared to the same period last year.

In April, Ivo Nikkolo presented a contemporary feminine clothing and accessory collection at two of the largest fashion events in the Baltics, namely Tallinn Fashion Week (April 1, 2023) and Riga Fashion Week (April 20, 2023).

On May 10, 2023, we closed our Ivo Nikkolo store in Klaipeda Akropolis shopping center in Lithuania due to the expiration of the lease agreement.

#### Consolidated statement of financial position

	March 31, 2023	Dec 31, 2022
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ASSETS		
Current assets		
Cash and cash equivalents	129	222
Trade and other receivables	3,165	3,285
Inventories	2,066	1,960
Total current assets	5,359	5,467
Non-current assets		
Deferred income tax asset	91	91
Trade and other receivables	2,796	2,756
Other non-current assets	111	107
Property, plant, and equipment	1,364	1,269
Right-of-use assets	4,066	4,596
Intangible assets	567	586
Total non-current assets	8,994	9,405
TOTAL ASSETS	14,353	14,872
LIABILITIES AND EQUITY		



Current liabilities

Borrowings	3,275	3,096
Lease liabilities	1,493	1,813
Trade and other payables	2,405	1,741
Total current liabilities	7,173	6,650

Non-current liabilities

Borrowings	1,061	1,070
Lease liabilities	2,908	3,296
Trade and other payables	143	147
Total non-current liabilities	4,113	4,513

TOTAL LIABILITIES	11,286	11,163
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EQUITY

Share capital at par value	5,408	5,408
Reserves	4,431	4,431
Retained earnings (-losses)	-6,772	-6,130
TOTAL EQUITY	3,067	3,709

TOTAL LIABILITIES AND EQUITY	14,353	14,872
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Consolidated statement of profit or loss and other comprehensive income

	Q1 2023	Q1 2022
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Revenue	2,160	2,075
Cost of goods sold	-1,010	-1,226
Gross profit	1,150	849



Distribution costs	-1,602	-1,831
Administrative and general expenses	-268	-362
Other operating income (-expense)	133	82
Operating profit (-loss)	-586	-1,262
Interest income	39	0
Interest expense	-94	-83
Profit (-loss) before income tax	-641	-1,345
Income tax expense	0	0
Total comprehensive income (-loss) for the period	-641	-1,345
Basic earnings per share from net profit (-loss) for the period, EUR	-0.01	-0.02
Diluted earnings per share from net profit (-loss) for the period, EUR	-0.01	-0.02

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