



**Baltika Group**

## **AS BALTIKA**

### **Consolidated interim report for the second quarter and 6 months of 2020**

Commercial name	AS Baltika
Commercial registry number	10144415
Legal address	Veerenni 24, Tallinn 10135, Estonia
Phone	+372 630 2731
Fax	+372 630 2814
E-mail	baltika@baltikagroup.com
Web page	www.baltikagroup.com
Main activities	Design, development, production and sales arrangement of the fashion brands of clothing
Auditor	AS PricewaterhouseCoopers
Financial year	1 January 2020 – 31 December 2020
Reporting period	1 January 2020 – 30 June 2020



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The Baltika Group, with the parent company AS Baltika, is an international fashion retailer. Baltika develops and operates fashion brands: Monton, Baltman and Ivo Nikkolo. Baltika employs a business model, which means that it controls all stages of the fashion process: design, supply chain management, distribution/logistics, wholesale and retail.

The shares of AS Baltika are listed on the Nasdaq Tallinn Stock Exchange that is part of the exchange group NASDAQ.

As at 30 June 2020 the Group employed 421 people (31 December 2019: 529).

The parent company is located and has been registered at 24 Veerenni in Tallinn, Estonia.

The Group consists of the following companies:

<b>Subsidiary</b>	<b>Location</b>	<b>Activity</b>	<b>Holding as at 30 June 2020</b>	<b>Holding as at 30 June 2019</b>
OÜ Baltika Retail	Estonia	Holding	100%	100%
OÜ Baltman	Estonia	Retail	100%	100%
SIA Baltika Latvija <sup>1</sup>	Latvia	Retail	100%	100%
UAB Baltika Lietuva <sup>1</sup>	Lithuania	Retail	100%	100%
OY Baltinia AB	Finland	Under liquidation	100%	100%
Baltika Sweden AB	Sweden	Under liquidation	100%	100%
OÜ Baltika Tailor	Estonia	Under liquidation	100%	100%

<sup>1</sup>Interest through a subsidiary.



## MANAGEMENT REPORT

### BALTIKA'S UNAUDITED FINANCIAL RESULTS, SECOND QUARTER AND 6 MONTHS OF 2020

Baltika Group ended the second quarter with a net profit of 3,965 thousand euros, which includes operating income in amount of 4,620 thousand euros connected with restructuring of creditors' claims in accordance to the restructuring plan approved on 19 June 2020 and the reversal of the impairment of the right to use the property arising from the lease agreements for the production buildings in the amount of 1,320 thousand euros, which was formed in the end of 2019. The loss for the same period last year was 616 thousand euros. The recurring financial results of the second quarter have been strongly affected by the global COVID-19 pandemic. In the second quarter, COVID-19 had the strongest impact on Baltika Group's operations in Estonia, where stores were opened by a government decision on 11 May, in Lithuania from 25 April and in Latvia until 11 May stores were open part-time and closed during weekends.

The Group's sales revenue for the second quarter was 3,707 thousand euros, decreasing by 65% compared to the same period last year. The E-shop showed a very strong sales result, where the sales revenue in the conditions of the COVID-19 crisis increased by 41% compared to the previous year. The strongest results in the E-shop were made by Monton and Ivo Nikkolo, especially in May, where a number of special campaigns and offers were made, which attracted customers to buy. Retail sales revenue in the second quarter decreased by 68% and sales to business customers decreased by 84%, which is related to the strategic decision to exit this sales channel.

The gross profit for the quarter was 1,822 thousand euros, decreasing by 3,926 thousand euros compared to the same period of the previous year (Q2 2019: 5,748 thousand euros). The company's gross profit margin was 49.2% in the second quarter, which is 5.7 percentage points lower than the margin of the second quarter of the previous year (Q2 2019: 54.9%). The decrease in gross profit is driven by the sharp decrease in sales revenue and the decrease in gross margin is related to the deep discount offers made during COVID-19 crises.

The Group's distribution and administrative expenses in the second quarter were 3,524 thousand euros, decreasing by 40% i.e 2,389 thousand euros compared to the same period last year. Consistent and significant reduction in distribution and administrative expenses is a part of Baltika Group's ongoing restructuring plan, and during the COVID-19 crisis the company has taken radical steps to reduce fixed costs at an accelerated tempo and in proportion with the lost sales.

In the first half of the year, the Group's sales revenue decreased by 50% compared to the same period last year and amounted to 9,844 thousand euros. Retail sales decreased by 52% and sales revenue of business customers by 80%, while sales revenue of the e-store increased by 15%. The Group ended the half-year with a net profit of 1,491 thousand euros, which includes operating income in amount of 4,620 thousand euros connected with restructuring of creditors' claims in accordance to the restructuring plan approved on 19 June 2020 and the reversal of the impairment of the right to use the property arising from the lease agreements for the production buildings in the amount of 1,320 thousand euros, which was formed in the end of 2019. The comparable result of the previous year was a net loss of 2,058 thousand euros. The weak recurring financial results for the first half of the year is related to the global COVID-19 pandemic and the consequent closure of stores for almost two months.

Baltika's distribution and administrative expenses in the first half of the year totalled 8,516 thousand euros, decreasing by 3,024 thousand euros compared to the same period last year. 1,100 thousand euros i.e 36% of the decrease was driven by the decrease of recurring fixed costs of Baltika's head office. One of the goals of the company's restructuring plan announced in March 2019 was to reduce Baltika Group's fixed costs by 2 million euros by the end of 2020. Restructuring activities started in April-May and by the end of 2019 about 50% of the target (900 thousand euros) was achieved and by the end of the first half of 2020 the remaining 50% of the target has been successfully achieved.



### **Highlights of the period until the date of release of this quarterly report**

- ☞ Court approved Baltika's reorganization plan on 19 June 2020. The ruling on the approval of the plan is enforced immediately. The creditors had an opportunity to appeal against the ruling within 15 days of the receipt of the ruling and this right was exercised by one creditor.
  
- ☞ In connection with the exit from the Finnish retail market and the restructuring of the Group structures, it was decided to start the liquidation of the subsidiary OY Baltinia AB and a bankruptcy was filed in the Helsinki County Court, on the basis of which the court initiated bankruptcy proceedings.



## REVENUE

Baltika's second quarter revenue was 3,707 thousand euros, which was 65% lower compared to the same period last year. Very strong sales result made E-shop, where sales revenue in the conditions of the COVID-19 crisis increased by 41% compared to the previous year. Second quarter retail sales revenue declined by 68%, and sales to business customers fell by 84%, which is driven by the strategic decision to exit this sales channel.

### Sales revenue by channel

EUR thousand	2 Q 2020	2 Q 2019	+/-	6M 2020	6M 2019	+/-
Retail	3,006	9,461	-68%	8,391	17,437	-52%
Business Customers	20	413	-95%	220	1,120	-80%
E-com sales	661	469	41%	1,165	1,013	15%
Other	20	121	-84%	67	163	-59%
<b>Total</b>	<b>3,707</b>	<b>10,463</b>	<b>-65%</b>	<b>9,844</b>	<b>19,732</b>	<b>-50%</b>

### Stores and sales area

As of 30 June 2020, the Group had 76 stores. In the second quarter, the number of stores decreased by 2. In the secondquarter, Baltika closed in Finland, Estonia and Lithuania 1 stores and opened in Latvia 1 store.

### Stores by market

	30 June 2020	30 June 2019	Average area change*
Estonia	31	37	-15%
Lithuania	27	30	-9%
Latvia	18	21	-15%
Finland	0	1	-100%
Ukraine <sup>1</sup>	0	0	-100%
Russia <sup>1</sup>	0	0	-100%
Belarus <sup>1</sup>	0	0	-100%
Spain <sup>1</sup>	0	0	-100%
Serbia <sup>1</sup>	0	1	-100%
<b>Total stores</b>	<b>76</b>	<b>90</b>	
<b>Total sales area, sqm</b>	<b>15,005</b>	<b>17,579</b>	<b>-15%</b>

\*Yearly average area change also takes into account the time store is closed for renovation

### Retail

Retail sales for the second quarter was 3,006 thousand euros, decreasing by 68% compared to the same period last year. 60% of the lost sales revenue came from the decrease of sales in dresses, blouses, trousers and suits.

### Retail sales by market

EUR thousand	2 Q 2020	2 Q 2019	+/-	Share	6M 2020	6M 2019	+/-	Share
Estonia	1,439	4,632	-69%	48%	3,989	8,425	-53%	48%
Lithuania	865	2,431	-64%	29%	2,406	4,582	-48%	29%
Latvia	694	2,342	-70%	23%	1,958	4,336	-55%	23%
Finland	8	57	-86%	0%	38	93	-59%	0%
<b>Total</b>	<b>3,006</b>	<b>9,461</b>	<b>-68%</b>	<b>100%</b>	<b>8,391</b>	<b>17,437</b>	<b>-52%</b>	<b>100%</b>



In the quarter total, sales revenue was lost the most in Latvian and Estonian markets, respectively by 70% and 69% and sales efficiency decreased by 46%.

### Sales efficiency by market (sales per sqm in a month, EUR)

	2 Q 2020	2 Q 2019	+/-	6M 2020	6M 2019	+/-
Estonia	128	203	-37%	129	186	-31%
Lithuania	74	147	-50%	96	134	-28%
Latvia	96	198	-52%	118	192	-38%
Finland	50	103	-52%	53	87	0%
<b>Total</b>	<b>99</b>	<b>183</b>	<b>-46%</b>	<b>115</b>	<b>170</b>	<b>-33%</b>

### Brands

Monton brand accounts for the largest share, with sales revenue of 78% of retail sales in the second quarter. Monton's sales revenue for the second quarter was 2,330 thousand euros, decreasing by 44% compared to the same period last year. Sales revenue decreased in both the women's (-41%) and men's (-50%) collections, and the largest decrease in products was in women's in dresses and in men's in suits. The total sales revenue of the two mainstream brands (Monton and Mosaic) decreased by 67% i.e 4.7 million euros in the second quarter. The majority, i.e 75% of the loss of sales revenue (3.5 million euros) came from April and May, when there was an emergency situation in the Baltics and the stores were closed. The sales revenue in June was 45% lower than in the previous year, but it exceeded the sales forecasts for COVID-19 period.

Baltman's quarter sales fell by 64% and Ivo Nikkolo's revenue declined 70% in the second quarter. Bastion's sales disappearance is connected with the brand closing decision, which is a part of Baltika Group's ongoing restructuring plan.

### Retail revenue by brand

EUR thousand	2 Q 2020	2 Q 2019	+/-	Share	6M 2020	6M 2019	+/-	Share
Monton	2,330	4,137	-44%	78%	5,493	7,448	-26%	65%
Mosaic	45	2,984	-98%	1%	941	5,487	-83%	11%
Baltman	364	1,000	-64%	12%	1,041	1,869	-44%	12%
Ivo Nikkolo	267	902	-70%	9%	910	1,826	-50%	11%
Bastion	0	438	-100%	0%	6	806	-99%	0%
Other	0	0	0	0	0	0	0	0
<b>Total</b>	<b>3,006</b>	<b>9,461</b>	<b>-68%</b>	<b>100%</b>	<b>8,391</b>	<b>17,437</b>	<b>-52%</b>	<b>100%</b>

### Sales in other channels

The sales revenue of Baltika Group's e-store Andmorefashion.com in the second quarter increased by 41% compared to the same period last year and was 661 thousand euros. The brand with the largest share of sales revenue is Monton, which sales revenue accounted for 65% of the sales revenue of the e-store, followed by Ivo Nikkolo with 28%, Baltman with 5% and Mosaic with 2%. The strongest results of the brands were made by Monton and Ivo Nikkolo in May, where a number of special campaigns and offers were made, which attracted customers to buy. The women's and men's collections accounted for 88% and 12% of the sales revenue in the second quarter, respectively. The share of the latter has increased by 4 percentage points compared to a year ago, which shows that the Andmorefashion.com sales channel is increasingly used to buy men's products. The highest sales revenue was still generated from Estonia, which accounted for approximately 63% of the total sales revenue of the e-store, followed by Latvia and Lithuania with 16% and 13%, respectively. Compared to the second quarter of the previous year, sales revenue increased in all Baltic countries and also in Russia. The most distant



countries to which Baltika brands were shipped in the second quarter were Turkey, Cyprus, Israel, Australia and the USA.

The sales revenue of business customers was 20 thousand euros in the second quarter, decreasing by 84% compared to a year ago. By countries, the largest sales revenue was generated from wholesale customers in Estonia, which accounted for 77% of sales revenue, followed by Latvia with 10% and Finland with 5%. The sharp decline in business customers' sales revenue is expected, as the gradual exit of business customers' sales channel is part of Baltika Group's ongoing restructuring plan.

#### OPERATING EXPENSES AND NET PROFIT

The gross profit for the quarter was 1,822 thousand euros, decreasing by 3,926 thousand euros compared to the same period of the previous year (Q2 2019: 5,748 thousand euros). The company's gross profit margin was 49.2% in the second quarter, which is 5.7 percentage points lower than the margin of the second quarter of the previous year (Q2 2019: 54.9%). The decrease in gross profit is due to a sharp decrease in sales revenue and the decrease in gross margin is related to the deep discount offers made during COVID-19 crises.

The Group's distribution and administrative expenses in the second quarter were 3,524 thousand euros, decreasing by 40% i.e 2,389 thousand euros compared to the same period last year. Consistent and significant reductions in distribution and administrative expenses is a part of Baltika Group's ongoing restructuring plan, and during the COVID-19 crisis the company has taken radical steps to reduce fixed costs at an accelerated tempo and in proportion to the lost sales.

Baltika's distribution and administrative expenses in the first half of the year totalled 8,516 thousand euros, decreasing by 3,024 thousand euros compared to the same period last year. 1,100 thousand euros i.e 36% of the decrease was driven by the decrease of recurring fixed costs of Baltika's head office. One of the goals of the company's restructuring plan announced in March 2019 was to reduce Baltika Group's fixed costs by 2 million euros by the end of 2020. Restructuring activities started in April-May and by the end of 2019 about 50% of the target (900 thousand euros) was achieved and by the end of the first half of 2020 the remaining 50% of the target has been successfully achieved.

Other net operating income was 5,841 thousand euros in the second quarter, which includes operating income in amount of 4,620 thousand euros connected with restructuring of creditors' claims in accordance to the restructuring plan approved on 19 June 2020 and the reversal of the impairment of the right to use the property arising from the lease agreements for the production buildings in the amount of 1,320 thousand euros, which was formed in the end of 2019. The operating profit was 4,139 thousand euros, in the same period of the previous year the operating loss was 233 thousand euros.

Net financial expenses were 174 thousand euros in the quarter, which is 309 thousand euros less than in the same period last year. The decrease in financial expenses is related to the restructuring of interest-bearing debt obligations of creditors in accordance with the reorganization plan and the reduction of ancillary receivables that became due at the beginning of the reorganization procedures (26.03.2020) to zero.

The net profit for the quarter was 3,965 thousand euros, the result for the comparable period was a net loss of 616 thousand euros. The net profit for the first half of the year was 1,491 thousand euros, the net loss for the comparable period of the previous year was 2,058 thousand euros.

#### FINANCIAL POSITION

As at 30 June 2020, Baltika Group's trade receivables and other receivables amounted to 327 thousand euros, decreasing by 294 thousand euros compared to the end of the previous year.

At the end of the quarter, the Group's inventories totalled 7,253 thousand euros, decreasing by 391 thousand euros compared to the end of the previous year. The amount of fabrics and accessories has decreased by 195 thousand euros and prepayments to suppliers have decreased by 154 thousand euros.

Fixed assets were acquired in the second quarter for 141 thousand euros and depreciation and impairment and reversal amounted to 305 thousand euros. The residual value of fixed assets has decreased by 4,731 thousand euros compared to the end of the previous year and was 14,031 thousand euros.



As at 30 June 2020, the total debt was 15,492 thousand euros, which together with the change in overdraft means a decrease in debt compared to the end of the previous year (31.12.2019: 19,988 thousand euros) by 4,496 thousand euros. The decrease in the Group's debt is mostly related to the restructuring of creditors' claims arising from the reorganization plan, in connection with which the lease liability of the assets of the production units located in Estonia was reduced.

Cash flow from operating activities in the second quarter was 3,092 thousand euros (Q2 2019: 662 thousand euros) including other non-monetary adjustments in the amount of 3,679 thousand euros. In the second quarter, 141 thousand euros were invested in investment activities. The share of overdrafts decreased by 337 thousand euros during the quarter. The Group's total cash flow for the second quarter was 1,185 thousand euros (Q2 2019: 636 thousand euros).

As at 30 June 2020, Group's net debt (interest-bearing debt less cash and cash equivalents) was 13,397 thousand euros, which is 6,337 thousand euros less than at the end of the previous year. The decrease in net debt is mainly related to the restructuring of creditors' claims arising from the reorganization plan. The net debt to equity ratio as of 30 June 2020 was 912% (31 December 2019: 1,640%). Compared to the end of the year, the net debt-to-equity ratio has improved. The Group's liquidity ratio has improved over 12 months (30 June 2020 and 30 June 2019) from 0.56 to 0.89 due to a decrease in current liabilities.

## PEOPLE

As at 30 June 2020 Baltika Group employed 421 people, which is 74 people less than at 31 March 2020 (495), thereof 328 (31.03.2020: 383) in the retail system, and 93 (31.03.2020: 112) at the head office and logistics centre.

Baltika Group employees' remuneration expense in first half of the year amounted to 2,869 thousand euros (first half of 2019: 5,587 thousand euros). The remuneration expense of the members of the Supervisory Board and Management Board totalled 196 thousand euros (first half of 2019: 377 thousand euros). The remuneration of the members of the Management Board of the second quarter of 2019 includes the severance pay paid to Meelis Milder in the amount of 198 thousand euros.

## KEY FIGURES OF THE GROUP (II QUARTER OF 2020)

	Q2 2020	Q2 2019	Q2 2018	Q2 2017	Q2 2016	Q2 2015 <sup>1</sup>
Revenue (EUR thousand)	3,707	10,463	11,041	11,732	11,818	12,079
Retail sales (EUR thousand)	3,006	9,461	9,716	9,891	10,290	10,692
Share of retail sales in revenue	81.1%	90.4%	88.0%	84.3%	87.1%	88.5%
Gross margin	49.2%	54.9%	54.6%	51.3%	52.3%	51.0%
EBITDA (EUR thousand)	5,812	1,503	527	645	790	554
Net profit (EUR thousand)	3,965	-616	127	199	346	127
EBITDA margin	156.8%	14.4%	4.8%	5.5%	6.7%	4.6%
Operating margin	111.7%	-2.2%	2.4%	2.8%	3.9%	2.1%
EBT margin	107.0%	-5.9%	1.2%	1.7%	2.9%	1.1%
Net margin	107.0%	-5.9%	1.2%	1.7%	2.9%	1.1%

  

	6M and 30 June 2020	6M and 30 June 2019	6M and 30 June 2018	6M and 30 June 2017	6M and 30 June 2016	6M and 30 June 2015 <sup>1</sup>
<b>Sales activity key figures</b>						
Revenue (EUR thousand)	9,844	19,732	21,384	22,489	22,323	23,299
Retail sales (EUR thousand)	8,391	17,437	17,853	18,415	18,718	20,027
Share of retail sales in revenue	85.2%	88.4%	83.5%	81.9%	83.9%	86.0%
Share of exports in revenue	48.8%	51.7%	54.5%	56.0%	56.0%	57.1%
Number of stores in retail	76	89	93	94	94	93
Number of stores	76	90	122	126	130	120
Sales area (sqm) (end of period)	15,005	17,336	17,431	17,396	16,766	16,936
Number of employees (end of period)	421	908	1,014	1,057	1,070	1,143
Gross margin	46.4%	51.6%	51.0%	50.1%	51.5%	48.3%
EBITDA (EUR thousand)	5,287	2,176	-50	493	731	165
Net profit (EUR thousand)	1,491	-2,058	-855	-391	-147	-656
EBITDA margin	53.7%	-10.4%	-0.2%	2.2%	3.3%	0.7%
Operating margin	19.6%	-6.6%	-2.8%	-0.7%	0.3%	-1.8%
EBT margin	15.1%	-10.4%	-4.0%	-1.7%	-0.7%	-2.8%
Net margin	15.1%	-4.0%	-4.0%	-1.7%	-0.7%	-2.8%
Inventory turnover	1.14	1.80	2.00	2.00	2.00	1.90



Other ratios	6M and 30 June 2020	6M and 30 June 2019	6M and 30 June 2018	6M and 30 June 2017	6M and 30 June 2016	6M and 30 June 2015 <sup>1</sup>
Current ratio	0.9	0.6	1.6	1.0	1.3	1.8
Net gearing ratio	911.98%	1319.50%	191.80%	164.30%	154.10%	96.10%
Return on equity	148.23%	-273.00%	-19.00%	-8.50%	-2.90%	-12.40%
Return on assets	5.66%	-9.30%	-4.60%	-2.00%	-0.60%	-4.50%

<sup>1</sup>In connection with Baltika's exit from the Russian retail business at the beginning of the year 2016, the sales activity key figures of 2015 presents only results of continued operations.

<sup>2</sup>Other ratios include impact of continued and discontinued operations.

### Definitions of key ratios

EBITDA = Operating profit-amortisation depreciation and loss from disposal of fixed assets

EBITDA margin = EBITDA÷Revenue

Gross margin = (Revenue-Cost of goods sold)÷Revenue

Operating margin = Operating profit÷Revenue

EBT margin = Profit before income tax÷Revenue

Net margin = Net profit (attributable to parent)÷Revenue

Current ratio = Current assets÷Current liabilities

Inventory turnover = Cost of goods sold÷Average inventories\*

Net gearing ratio = (Interest-bearing liabilities-cash and cash equivalents)÷Equity

Return on equity (ROE) = Net profit÷Average equity\*

Return on assets (ROA) = Net profit÷Average total assets\*

\*Based on 12-month average

### SHARE PRICE AND TURNOVER





## MANAGEMENT BOARD'S CONFIRMATION OF THE MANAGEMENT REPORT

The Management Board confirms that the management report presents a true and fair view of all significant events that occurred during the reporting period as well as their impact on the condensed consolidated interim financial statements; includes the description of major risks and doubts influencing the remainder of the financial year; and provides an overview of all significant transactions with related parties.

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Flavio Perini  
Member of Management Board, CEO  
17 July 2020



## INTERIM FINANCIAL STATEMENTS

### MANAGEMENT BOARD'S CONFIRMATION OF THE FINANCIAL STATEMENTS

The Management Board confirms the correctness and completeness of AS Baltika's consolidated interim report for the second quarter of 2020 as presented on pages 12-33.

The Management Board confirms that:

1. the accounting policies and presentation of information is in compliance with International Financial Reporting Standards as adopted by the European Union;
2. the financial statements give a true and fair view of the assets and liabilities of the Group comprising of the parent company and other Group entities as well as its financial position, its results of the operations and the cash flows of the Group; and its cash flows;
3. the Group is going concern.

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Flavio Perini  
Member of Management Board, CEO  
17 July 2020

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>Note</b>	<b>30 June 2020</b>	<b>31 Dec 2019</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	1,400	264
Trade and other receivables	4	327	621
Inventories	5	7,253	7,644
Assets classified as held for sale		0	28
<b>Total current assets</b>		<b>8,980</b>	<b>8,557</b>
<b>Non-current assets</b>			
Deferred income tax asset		281	281
Other non-current assets	4	235	222
Property, plant and equipment	6	1,429	1,683
Right-of-use assets	8	11,537	16,040
Intangible assets	7	549	536
<b>Total non-current assets</b>		<b>14,031</b>	<b>18,762</b>
<b>TOTAL ASSETS</b>		<b>23,011</b>	<b>27,319</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Borrowings	9	31	1,731
Lease liabilities	8	3,972	5,383
Trade and other payables	10,11	6,050	4,118
<b>Total current liabilities</b>		<b>10,053</b>	<b>11,232</b>
<b>Non-current liabilities</b>			
Borrowings	9	3,448	488
Lease liabilities	8	8,041	12,396
<b>Total non-current liabilities</b>		<b>11,489</b>	<b>12,884</b>
<b>TOTAL LIABILITIES</b>		<b>21,542</b>	<b>24,116</b>
<b>EQUITY</b>			
Share capital at par value	12	5,408	5,408
Share premium		0	0
Reserves	12	820	4,045
Retained earnings		-6,250	-341
Net profit (loss) for the period		1,491	-5,909
<b>TOTAL EQUITY</b>		<b>1,469</b>	<b>3,203</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>23,011</b>	<b>27,319</b>

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME**

	Note	2Q 2020	2Q 2019	6m 2020	6m 2019
Revenue	13,14	3,707	10,463	9,844	19,733
Cost of goods sold	15	-1,885	-4,715	-5,275	-9,551
<b>Gross profit</b>		<b>1,822</b>	<b>5,748</b>	<b>4,569</b>	<b>10,182</b>
Distribution costs	16	-2,806	-5,026	-7,006	-10,055
Administrative and general expenses	17	-718	-887	-1,510	-1,485
Other operating income (-expense)	18	5,841	-68	5,878	49
<b>Operating profit (loss)</b>		<b>4,139</b>	<b>-233</b>	<b>1,931</b>	<b>-1,309</b>
Finance costs	19	-174	-383	-440	-749
<b>Profit (loss) before income tax</b>		<b>3,965</b>	<b>-616</b>	<b>1,491</b>	<b>-2,058</b>
Income tax expense		0	0	0	0
<b>Net profit (loss) for the period</b>		<b>3,965</b>	<b>-616</b>	<b>1,491</b>	<b>-2,058</b>
<b>Total comprehensive income (loss) for the period</b>		<b>3,965</b>	<b>-616</b>	<b>1,491</b>	<b>-2,058</b>
Basic earnings per share from net profit (loss) for the period, EUR	20	0.07	-0.03	0.03	-0.07
Diluted earnings per share from net profit (loss) for the period, EUR	20	0.07	-0.03	0.03	-0.07

**CONSOLIDATED CASH FLOW STATEMENT**

	<b>Note</b>	<b>2Q 2020</b>	<b>2Q 2019</b>	<b>6m 2020</b>	<b>6m 2019</b>
<b>Cash flows from operating activities</b>					
Operating profit (loss)		4 139	-233	1 931	-1 309
Adjustments:					
Depreciation, amortisation and impairment of PPE and intangibles	15-17	305	1 735	1 987	3 480
Gain (loss) from sale, impairment of PPE, non-current assets, net		0	0	31	2
Other non-monetary adjustments		-3 679*	0	-3 444*	-351
Changes in working capital:					
Change in trade and other receivables	4	426	94	294	63
Change in inventories	5	782	-440	391	17
Change in trade and other payables	10	1 136	-447	1 932	-474
Interest paid and other financial expense		-17	-47	-80	0
<b>Net cash generated from operating activities</b>		<b>3 092</b>	<b>662</b>	<b>3 042</b>	<b>1 329</b>
<b>Cash flows from investing activities</b>					
Acquisition of property, plant and equipment, intangibles	6, 7	-141	-244	-225	-316
Proceeds from disposal of PPE		0	2	33	10
<b>Net cash used in investing activities</b>		<b>-141</b>	<b>-242</b>	<b>-192</b>	<b>-306</b>
<b>Cash flows from financing activities</b>					
Received borrowings	9	0	1 500	1 000	3 000
Repayments of borrowings	9	0	-174	-116	-348
Change in bank overdraft	9	-337	510	757	232
Repayments of lease liabilities, principle	8	-1 246	-1 417	-2 977	-2 811
Repayments of lease liabilities, interest		-183	-203	-378	-423
<b>Net cash generated from (used in) financing activities</b>		<b>-1 766</b>	<b>216</b>	<b>-1 714</b>	<b>-350</b>
<b>Total cash flows</b>		<b>1 185</b>	<b>636</b>	<b>1 136</b>	<b>673</b>
<b>Cash and cash equivalents at the beginning of the period</b>	3	<b>215</b>	<b>465</b>	<b>264</b>	<b>428</b>
<b>Cash and cash equivalents at the end of the period</b>	3	<b>1 400</b>	<b>1 101</b>	<b>1 400</b>	<b>1 101</b>
<b>Change in cash and cash equivalents</b>		<b>1 185</b>	<b>636</b>	<b>1 136</b>	<b>673</b>

\*Other non-monetary adjustments relates to restructuring of allocated loan

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Share capital	Reserves	Retained earnings	Total
<b>Balance as at 31 Dec 2018</b>	<b>4,079</b>	<b>1,107</b>	<b>-5,119</b>	<b>67</b>
Loss for the period	0	0	-2,058	-2,058
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-2,058</b>	<b>-2,058</b>
Reduction of the nominal value of the share	-3,671	-1,107	4,778	0
<b>Balance as at 30 June 2019</b>	<b>408</b>	<b>0</b>	<b>-2,399</b>	<b>-1,991</b>
<b>Balance as at 31 Dec 2019</b>	<b>5,408</b>	<b>4,045</b>	<b>-6,250</b>	<b>3,203</b>
Loss for the period	0	0	1,491	1,491
<b>Total comprehensive loss</b>	<b>0</b>	<b>0</b>	<b>1,491</b>	<b>1,491</b>
Reduction of subordinated loan	0	-3,225	0	-3,225
<b>Balance as at 30 June 2020</b>	<b>5,408</b>	<b>820</b>	<b>-4,759</b>	<b>1,469</b>



## NOTES TO CONSOLIDATED INTERIM REPORT

### NOTE 1 Accounting policies and methods used in the preparation of the interim report

The Baltika Group, with the parent company AS Baltika, is an international fashion retailer that develops and operates fashion brands: Monton, Mosaic, Baltman and Ivo Nikkolo. The Group employs a business model that controls the following stages of the fashion process: design, supply chain management, logistics and whole-, franchise- and retail sales. AS Baltika's shares are listed on the Nasdaq Tallinn Stock Exchange. The largest shareholder and the only company holding more than 20% of shares (Note 12) of AS Baltika is KJK Fund Sicav-SIF (on ING Luxembourg S.A. account).

The Group's condensed consolidated interim report for the second quarter ended 30 June 2020 has been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union. The interim report should be read in conjunction with the Group's consolidated annual financial statements for the year ended 31 December 2019, which has been prepared in accordance with International Financial Reporting Standards. The interim report has been prepared in accordance with the principal accounting policies applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2019.

All information in the financial statements is presented in thousands of euros, unless stated otherwise.

This interim report has not been audited or otherwise reviewed by auditors and includes only the Group's consolidated reports and does not include all of the information required for full annual financial statements.

### NOTE 2 Financial risks

In its daily activities, the Group is exposed to different types of risks. Risk management is an important and integral part of the business activities of the Group. The Group's ability to identify, measure and control different risks is a key variable for the Group's profitability. The Group's management defines risk as a potential negative deviation from the expected financial results. The main risk factors are market (including currency risk, interest rate risk and price risk), credit, liquidity and operational risks. Management of the Group's Parent company considers all the risks as significant risks for the Group. The Group uses the ability to regulate retail prices, reduces expenses and if necessary, restructures the Group's internal transactions to hedge certain risk exposures.

The basis for risk management in the Group are the requirements set by the Nasdaq Tallinn, the Financial Supervision Authority and other regulatory bodies, adherence to generally accepted accounting principles, as well as the company's internal regulations and risk policies. Overall risk management includes identification, measurement and control of risks. The management of the Parent company plays a major role in managing risks and approving risk procedures. The Supervisory Board of the Group's Parent company monitors the management's risk management activities.

#### Market risk

##### *Foreign exchange risk*

In 2020 and 2019 all sales were made in euros. The Group's foreign exchange risk is related to purchases done in foreign currencies. The majority of raw materials used in production are acquired from the European Union and goods purchased for resale are acquired outside of the European Union. The main currencies used for purchases are EUR (euro) and USD (US dollar).

The Group's results are affected by the fluctuations in foreign currency rates. The changes in average foreign currency rates against the euro in the reporting period were the following:

<b>Average currencies</b>	<b>6m 2020</b>	<b>6m 2019</b>
USD (US dollar)	-2.46%	-6.66%

The changes in foreign currency rates against the euro between balance-sheet dates were the following:

<b>Balance-sheet date rates (30.06.2020; 31.12.2019)</b>	
USD (US dollar)	-0.32%



Cash and cash equivalents (Note 3), trade receivables (Note 4) and borrowings (Note 9) are in euro and thereof not open to foreign exchange risk. Trade payables (Note 10) are also in foreign currency and therefore open to foreign exchange risk.

The Management monitors changes of foreign currency constantly and assesses if the changes exceed the risk tolerance determined by the Group. If feasible, foreign currencies collected are used for the settling of liabilities denominated in the same currency.

#### *Interest rate risk*

As the Group's cash and cash equivalents carry fixed interest rate and the Group has no other significant interest carrying assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises mainly from current and non-current borrowings issued at floating interest rate and thus exposing the Group to cash flow interest rate risk. Interest rate risk is primarily caused by the potential fluctuations of Euribor and Eonia and the changing of the average interest rates of banks. The Group's risk margins have not changed significantly and correspond to market conditions.

Non-current borrowings in the amount of 1,007 thousand euros at 30 June 2020 and 424 thousand euros at 31 December 2019 were subject to a floating 6-month interest rate based on Euribor. Non-current overdraft amount 1,747 thousand euros at 30 June 2020 was subject to floating 6-month interest rate (not classified as non-current as at 31.12.2019). The remaining long-term borrowings at 30 June 2020 in the amount of 8,041 thousand euros and 12,396 thousand euros as at 31 December 2019 are the present value of the lease liabilities recognized under IFRS 16, discounted at an average interest rate of 5%. The Group analyses its interest rate exposure on a regular basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing.

During the financial year and the previous financial year, the Group's management evaluated and recognised the extent of the interest rate risk. However, the Group uses no hedging instruments to manage the risks arising from fluctuations in interest rates, as it finds the extent of the interest-rate risk to be insignificant.

#### *Price risk*

The Group is not exposed to the price risk with respect to financial instruments as it does not hold any equity securities.

#### **Credit risk**

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions as well as all outstanding trade receivables.

#### *Cash and cash equivalents*

For banks and financial institutions, mostly independently rated parties with a minimum rating of "A" are accepted as long-term counterparties in the Baltic states and Finland.

#### *Trade receivables*

As at 30 June 2020 the maximum exposure to credit risk from trade receivables (Note 4) and other non-current assets (Note 4) amounted to 205 thousand euros (31 December 2019: 240 thousand euros) on a net basis after allowances.

Sales to retail customers are settled in cash or using major credit cards, thus no credit risk is involved with retail clients, except the risk arising from banks and financial institutions selected as approved counterparties.

#### **Liquidity risk**

Liquidity risk is the potential risk that the Group has limited or insufficient financial (cash) resources to meet the obligations arising from the Group's activities. Management monitors the sufficiency of cash and cash equivalents to settle liabilities and finance the Group's strategic goals on a regular basis by using rolling cash forecasts.

To manage liquidity risks, the Group uses different financing instruments such as bank loans, overdrafts, commercial bond issues, issuance of additional shares and monitors the terms of receivables and purchase contracts. The unused limit of the Group's overdraft facilities as at 30 June 2020 was 1,253 thousand euros (31 December 2019: 2,010 thousand euros).

**Financial liabilities by maturity at 30 June 2020**

	Carrying amount	Undiscounted cash flows <sup>1</sup>		Total
		1-12 months	1-5 years	
Loans (Note 9) <sup>2</sup>	3,448	28	3,552	3,580
Finance lease liabilities (Note 8)	12,013	4,691	8,175	12,866
Trade payables (Note 10)	3,628	3,583	45	3,628
Other financial liabilities	178	178	0	178
<b>Total</b>	<b>19,267</b>	<b>8,480</b>	<b>11,772</b>	<b>20,252</b>

**Financial liabilities by maturity at 31 December 2019**

	Carrying amount	Undiscounted cash flows <sup>1</sup>		Total
		1-12 months	1-5 years	
Loans (Note 9) <sup>2</sup>	4,219	1,803	2,781	4,584
Lease liabilities (Note 8)	17,779	7,328	11,815	19,143
Trade payables (Note 10)	1,959	1,959	0	1,959
Other financial liabilities	23	23	0	23
<b>Total</b>	<b>23,980</b>	<b>11,113</b>	<b>14,596</b>	<b>25,709</b>

<sup>1</sup>For interest bearing borrowings carrying a floating interest rate based on Euribor, the last applied spot rate to loans has been used.

<sup>2</sup>Used overdraft facilities are shown under loans based on the contractual date of payment.

**Operational risk**

The Group's operations are mostly affected by the cyclical nature of economies in target markets and changes in competitive positions, as well as risks related to specific markets.

To manage the risks, the Group attempts to increase the flexibility of its operations: the sales volumes and the activities of competitors are also being monitored and if necessary, the Group makes adjustments in price levels, marketing activities and collections offered. In addition to central gathering and assessment of information, an important role in analysing and planning actions is played by a market organisation in each target market, enabling the Group to obtain fast and direct feedback on market developments on one hand and adequately consider local conditions on the other.

Improvement of flexibility plays an important role in increasing the Group's competitiveness. Continuous efforts are being made to shorten the cycles of business processes and minimise potential deviations. This also helps to improve the relative level and structure of inventories and the fashion collections' meeting consumer expectations.

The most important operating risk arises from the Group's inability to produce collections which would meet customer expectations and the goods that cannot be sold when expected and as budgeted.

To ensure good collections, the Group employs a strong team of designers who monitor and are aware of fashion trends by using internationally acclaimed channels. Such a structure, procedures and information systems have been set up at the Group which help daily monitoring of sales and balance of inventories and using the information in subsequent activities. In order to avoid supply problems, cooperation with the world's leading procurement intermediaries as well as fabric manufacturers has been expanded.

The unavoidable risk factor in selling clothes is the weather. Collections are created and sales volumes as well as timing of sales is planned under the assumption that regular weather conditions prevail in the target markets – in case weather conditions differ significantly from normal conditions, the actual sales results may significantly differ from the budget.

Debtors of the Group may be adversely affected by the financial and economic environment which could in turn impact their ability to repay the amounts owed. Deteriorating operating and economic conditions for customers may also have an impact on management's cash flow forecasts and assessment of the impairment of financial and non-financial assets. To the extent that information is available, management



has properly reflected revised estimates of expected future cash flows in its impairment assessments, however management is unable to reliably estimate the effects on the Group's financial position of any further deterioration in the liquidity of the financial markets and the increased volatility in the currency and equity markets. Management believes it is taking all the necessary measures to support the sustainability and development of the Group's business in the current circumstances.

#### *Capital management*

The Group's objectives when managing capital are to safeguard the Group's ability to continue as going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Loan agreements with the banks include certain restrictions and obligations to provide information to the bank concerning payments of dividends, changes in share capital and in cases of supplementing additional capital.

Commercial Code sets requirement to equity level – the required level of equity has to be minimum 50% of share capital.

The Group monitors capital on the basis of net gearing ratio. This ratio is calculated as net debt divided by equity. Net debt is calculated as interest carrying borrowings less cash and cash equivalents.

At the end of the reporting period Group's total equity was 1,469 thousand euros, which is lower than the requirement stipulated in Commercial Code. In order to comply with the law as at 30 June 2020, equity has to be at least 2,704 thousand euros. Equity deficit is the result of negative operating result in 2019. The Management of the Group is actively working on meeting the net asset requirement set out in the Commercial Code.

#### **Net gearing ratio**

	<b>30 June 2020</b>	<b>31 Dec 2019</b>
Interest carrying borrowings (Note 9)	14,797	19,998
Cash and bank (Note 3)	-1,400	-264
Net debt	13,397	19,734
Total equity	1,469	3,203
<b>Net gearing ratio</b>	<b>912%</b>	<b>1640%</b>

#### **Fair value**

The Group estimates that the fair values of the financial assets and liabilities denominated in the statement of financial position at amortised cost do not differ significantly from their carrying amounts presented in the Group's consolidated statement of financial position at 30 June 2020 and 31 December 2019.

Trade receivables and payables are recorded in the carrying amount less an impairment provision, and as trade receivables and payables are short term then their fair value is estimated by management to approximate their balance value.

Regarding to the Group's long-term borrowings that have a floating interest rate that changes along with the changes in market interest rates, the discount rates used in the discounted cash flow model are applied to calculate the fair value of borrowings. The Group's risk margins have not changed considerably and are reflecting the market conditions. Group's long-term borrowings that have a fixed interest rate, are recognized at the discounted present value by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. Based on that, the Management estimates that the fair value of long-term borrowings does not significantly differ from their carrying amounts. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

**NOTE 3 Cash and cash equivalents**

	30 June 2020	31 Dec 2019
Cash at hand	78	70
Cash at bank and overnight deposits	1,322	194
<b>Total</b>	<b>1,400</b>	<b>264</b>

All cash and cash equivalents are denominated in euros.

**NOTE 4 Trade and other receivables**

<b>Short-term trade and other receivables</b>	<b>30 June 2020</b>	<b>31 Dec 2019</b>
Trade receivables, net	205	240
Other prepaid expenses	27	185
Tax prepayments and tax reclaims, thereof	89	121
Value added tax	89	121
Other current receivables	6	75
<b>Total</b>	<b>327</b>	<b>621</b>
<b>Long-term assets</b>		
Non-current lease prepayments	235	222
<b>Total</b>	<b>235</b>	<b>222</b>

All trade and other receivables are in euros.

Trade receivable allowance expense in 2020 first half-year was 0 thousand euros (2019: 0 thousand euros), which was recognised in the statement of profit and loss within "Impairment loss of trade receivables". The expense in 2019 was mainly related to overdue balances from Eastern European region.

**Trade receivables by region (client location) and by due date**

<b>30 June 2020</b>	<b>Baltic region</b>	<b>Eastern European region</b>	<b>Other regions</b>	<b>Total</b>
Not due	163	1	5	169
Up to 1 month past due	0	1	1	2
1-3 months past due	14	5	0	19
3-6 months past due	10	0	0	10
Over 6 months past due	3	0	2	5
<b>Total</b>	<b>190</b>	<b>7</b>	<b>8</b>	<b>205</b>
<b>31 Dec 2019</b>	<b>Baltic region</b>	<b>Eastern European region</b>	<b>Other regions</b>	<b>Total</b>
Not due	165	10	27	202
Up to 1 month past due	16	0	3	19
1-3 months past due	15	0	3	18
3-6 months past due	1	0	0	1
Over 6 months past due	0	0	0	0
<b>Total</b>	<b>197</b>	<b>10</b>	<b>33</b>	<b>240</b>

**NOTE 5 Inventories**

	30 June 2020	31 Dec 2019
Fabrics and accessories	107	369
Allowance for fabrics and accessories	-52	-120
Finished goods and goods purchased for resale	6,822	6,995



Allowance for impairment of finished goods and goods purchased for resale	0	-130
Prepayments to suppliers	376	530
<b>Total</b>	<b>7,253</b>	<b>7,644</b>

**NOTE 6 Property, plant and equipment**

	Buildings and structures	Machinery and equipment	Other fixtures	Pre-payments, PPE not in yet in use	Total
<b>31 December 2018</b>					
<b>Acquisition cost</b>	<b>2,988</b>	<b>4,634</b>	<b>4,909</b>	<b>0</b>	<b>12,531</b>
Accumulated depreciation	-2,241	-4,482	-3,930	0	-10,653
<b>Net book amount</b>	<b>747</b>	<b>152</b>	<b>979</b>	<b>0</b>	<b>1,878</b>
Additions	152	5	145	9	311
Disposals	-3	0	-9	0	-12
Reclassifications to inventories					0
Reclassification		53	-53		0
Depreciation	-173	-60	-215	0	--448
<b>30 June 2019</b>					
<b>Acquisition cost</b>	<b>2,963</b>	<b>4,581</b>	<b>4,752</b>	<b>9</b>	<b>12,305</b>
Accumulated depreciation	-2,240	-4,431	-3,905	0	-10,576
<b>Net book amount</b>	<b>723</b>	<b>150</b>	<b>847</b>	<b>9</b>	<b>1,729</b>
<b>31 December 2019</b>					
<b>Acquisition cost</b>	<b>2,746</b>	<b>1,004</b>	<b>4,235</b>	<b>5</b>	<b>7,990</b>
Accumulated depreciation	-1,987	-856	-3,464	0	-6,307
<b>Net book amount</b>	<b>759</b>	<b>148</b>	<b>771</b>	<b>5</b>	<b>1,683</b>
Additions	92	18	36	35	181
Disposals	-8	-59	-9	0	-76
Reclassification	40	0	0	-40	0
Depreciation	-169	-28	-162	0	-359
<b>30 June 2020</b>					
<b>Acquisition cost</b>	<b>2,692</b>	<b>923</b>	<b>4,061</b>	<b>0</b>	<b>7,676</b>
Accumulated depreciation	-1,978	-844	-3,425	0	-6,247
<b>Net book amount</b>	<b>714</b>	<b>79</b>	<b>636</b>	<b>0</b>	<b>1,429</b>

**NOTE 7 Intangible assets**

	Licenses, software and other	Trade-marks	Prepayments	Goodwill	Total
<b>31 December 2018</b>					
<b>Acquisition cost</b>	<b>2,092</b>	<b>1,243</b>	<b>0</b>	<b>154</b>	<b>3,489</b>
Accumulated depreciation	-1,905	-1,041	0	0	-2,946
<b>Net book amount</b>	<b>187</b>	<b>202</b>	<b>0</b>	<b>154</b>	<b>543</b>
Additions	0	0	5	0	5
Amortisation	-12	-16	0	0	-28
<b>30 June 2019</b>					



<b>Acquisition cost</b>	<b>2,091</b>	<b>1,243</b>	<b>5</b>	<b>154</b>	<b>3,493</b>
Accumulated depreciation	-1,916	-1,057	0	0	-2,973
<b>Net book amount</b>	<b>175</b>	<b>186</b>	<b>5</b>	<b>154</b>	<b>520</b>
<b>31 December 2019</b>					
<b>Acquisition cost</b>	<b>885</b>	<b>643</b>	<b>46</b>	<b>154</b>	<b>1,728</b>
Accumulated depreciation	-763	-429	0	0	-1,192
<b>Net book amount</b>	<b>122</b>	<b>214</b>	<b>46</b>	<b>154</b>	<b>536</b>
Additions	28	0	16	0	44
Disposals	-1	0	-5	0	-6
Amortisation	-9	-16	0	0	-25
<b>30 June 2020</b>					
<b>Acquisition cost</b>	<b>913</b>	<b>643</b>	<b>57</b>	<b>154</b>	<b>1,767</b>
Accumulated depreciation	-772	-445	0	0	-1,217
<b>Net book amount</b>	<b>140</b>	<b>198</b>	<b>57</b>	<b>154</b>	<b>549</b>

**NOTE 8 Finance lease**

This note provides information for leases where the group is a lessee.

*Amounts recognised in the balance sheet*

The balance sheet shows the following amounts relating to leases

	<b>Right-of-use assets</b>
<b>1. January 2019 (first implementation of IFRS 16)</b>	<b>18,079</b>
Depreciation	-3,004
<b>Net assets 30.06.2019</b>	<b>15,075</b>
<b>Net assets 31.12.2019</b>	<b>16,040</b>
Additions	366
Terminations	-1,946
Depreciation	-2,923
<b>Net assets 30.06.2020</b>	<b>11,537</b>

Right-of-use assets include only lease contracts for offices and commercial premises.

Terminations includes the production buildings that are no longer used by Baltika Group and which contractual liabilities were restructured.

	<b>30 June 2020</b>	<b>31 Dec /2019</b>
<b>Lease liabilities</b>		
Current	3,972	5,383
Non-current	8,041	12,396
<b>Total lease liabilities</b>	<b>12,013</b>	<b>17,779</b>

Detailed information on minimum lease payments by maturity is disclosed in Note 2.

*Amounts recognised in the statement of profit or loss*

The group's consolidated statement of profit or loss and other comprehensive income includes the following amounts relating to leases.

	<b>2 Q 2020</b>	<b>2 Q 2019</b>	<b>6m 2020</b>	<b>6m 2019</b>
Interest expense (under finance cost, Note 19)	183	203	378	423



Depreciation (under operating expenses, Notes 15-17)	1,442	1,502	2,923	3,004
<b>Total</b>	<b>1,625</b>	<b>1,705</b>	<b>3,301</b>	<b>3,427</b>

The total cash outflow for long-term leases in 6 months of 2020 was 3,355 thousand euros (6 months 2019: 3,234 thousand euros).

Offices and commercial premises rent contracts have mainly been concluded for fixed term, on average for 5 years and include mostly rights to prolong and terminate. Rental conditions are agreed contract by contract and therefore can include various conditions.

## NOTE 9 Borrowings

	30 June 2020	31 Dec 2019
<b>Current borrowings</b>		
Current portion of bank loans	0	698
Overdraft	0	990
Current portion of finance lease liabilities	31	0
Other short term borrowings	0	43
<b>Total</b>	<b>31</b>	<b>1,731</b>
<b>Non-current borrowings</b>		
Non-current bank loans	1,006	424
Non current overdraft	1,747	0
Other non-current liabilities	695	64
<b>Total</b>	<b>3,448</b>	<b>488</b>
<b>Total borrowings</b>	<b>3,479</b>	<b>2,219</b>

During the reporting period, the Group made bank loan repayments in the amount of 116 thousand euros (6 months 2019: 384 thousand euros). Group's overdraft facilities with the banks were used in the amount of 1,747 thousand euros as at 30 June 2020 (31 December 2019: 990 thousand euros).

Interest expense from all interest carrying borrowings in the reporting period amounted to 440 thousand euros (6 months 2019: 749 thousand euros), including 113 thousand euros from the convertible bonds of related party in first quarter of 2019 and); and interests from lease liabilities recognised under IFRS 16 in the amount of 378 thousand euros (6 months 2019: 423 thousand euros).

### Changes in 2019

In order to finance working capital, a short-term loan agreement was signed with KJK Fund Sicav-SIF for 3,000 thousand euros. Loan with the repayment date in August 2019, was taken into use in two tranches. The first tranche 1,500 thousand euros was taken into use in March 2019 and the second tranche in April 2019. The loan carried 6% interest and was repaid with the funds received from the share issue.

In June the repayment date of the overdraft agreement (in the amount of 3,000 thousand euros) was extended until July 2020.

In May an agreement was signed between the main holder of K-Bonds (81%), the major shareholder of the company KJK Fund Sicav-SIF and AS Baltika to refinance the convertible bonds. In accordance with the signed agreement, the entire amount for the convertible bonds (including accrued interest) that became repayable in August 2019 was converted into a long-term loan with interest of 6% per annum and maturity date in May 2022. An amendment to the loan agreement was signed in December, according to which, as of December 2019, part of the above mentioned loan (4,045 thousand euros) is non-interest bearing and the repayment date is not fixed. The repayment date will be agreed by the parties but will not be earlier than May 2022.

In July an annex under the existing facility agreement was signed, which extended the second overdraft's (in the amount of 1,000 thousand euros) repayment date. According to the annex, starting



from November 2019 the new amount of the overdraft was 600 thousand euros which is repayable in December 2019.

#### Changes in 2020

In November, KJK Fund Sicav-SIF, a major shareholder of the company, and AS Baltika signed a new amendment to the loan agreement, according to which KJK Fund Sicav-SIF will grant an additional loan of 1,000 thousand euros, with an interest rate of 6% per annum and repayment date in May 2022. The loan was drawn down in the first quarter of 2020.

In accordance with creditors claims restructuring plan approved on 19 June 2020 the overdraft agreement (in the amount of 3,000 thousand euros) was extended till 31.12.2023 and the investment loan repayment schedule was changed in a way that repayments will be made from June 2021 till December 2023. KJK Fund SICAV-SIF loan was restructured in a way that only 15% of claim will be paid and in the end of 2023.

#### Interest carrying loans and bonds of the Group as at 30 June 2020

	Average risk premium	Carrying amount
Borrowings at floating interest rate (based on 6-month Euribor)	EURIBOR +2%	2,753
<b>Total</b>		<b>2,753</b>

#### Interest carrying loans and bonds of the Group as at 31 December 2019

	Average risk premium	Carrying amount
Borrowings at floating interest rate (based on 6-month Euribor)	EURIBOR +3.7%	2,155
<b>Total</b>		<b>2,155</b>

#### NOTE 10 Trade and other payables

	30 June 2020	31 Dec 2019
<b>Current liabilities</b>		
Trade payables	3,628	1,959
Tax liabilities, thereof	1,280	1,036
Personal income tax	150	123
Social security taxes and unemployment insurance premium	463	338
Value added tax	667	568
Other taxes	0	7
Payables to employees <sup>1</sup>	581	719
Other current payables	178	23
Other accrued expenses	39	48
Customer prepayments	94	77
<b>Total</b>	<b>5,800</b>	<b>3,862</b>

<sup>1</sup>Payables to employees consist of accrued wages, salaries and vacation reserve.

#### Trade payables and other accrues expenses in denominated currency

	30 June 2020	31 Dec 2019
EUR (euro)	2,959	1,064
USD (US dollar)	708	943
<b>Total</b>	<b>3,667</b>	<b>2,007</b>

#### NOTE 11 Provisions

	30 June 2020	31 Dec 2019
Client bonus provision	250	250



Other provision	0	6
<b>Total</b>	<b>250</b>	<b>256</b>

*Short description of the provision*

Baltika customer loyalty program “AndMore” motivates clients by allowing them to earn future discounts on purchases made today (bonus euros). Accumulated bonuses are valid for six months from the customer’s last purchase. Program conditions are described in detail on company’s website.

*Assumptions used*

The provision is calculated using assumptions made by Management as described in the Group’s consolidated annual financial statements for the year ended 31 December 2019.

**NOTE 12 Equity****Share capital and reserves**

	<b>30 June 2020</b>	<b>31 Dec 2019</b>
Share capital	5,408	5,408
Number of shares (pcs)	54,079,485	54,079,485
Nominal value of share (EUR)	0.10	0.10
Other reserves	820	4,045

As at 30 June 2020, under the Articles of Association, the company’s minimum share capital is 2,000 thousand euros and the maximum share capital is 8,000 thousand euros and as at 31 December 2019, under the Articles of Association, the company’s minimum share capital was 2,000 thousand euros and the maximum share capital was 8,000 thousand euros. As at 30 June 2020 and 31 December 2019 share capital consists of ordinary shares, that are listed on the Nasdaq Tallinn Stock Exchange and all shares have been paid for.

*Changes in year 2019*

On May 6, 2019, the number of shares were reduced according to the decision of the Annual General Meeting held on 12 April 2019, that approved the amendment of the Articles of Association, which stipulates that the nominal value of the share will be changed from 0.1 euros to 1 euro. Thereafter, all existing ordinary shares will be cancelled and exchanged to the new shares so that each 10 existing shares shall be exchanged to 1 new share. The amount of share capital remained unchanged.

On May 22, 2019 the decrease of the share capital of AS Baltika was registered in the Commercial Register and on 27 May 2019 the nominal value of AS Baltika share was changed at the Estonian Central Securities Depository based on the resolution adopted by the general meeting of shareholders held on April 12, 2019. Pursuant to the resolution of the general meeting of shareholders the share capital of AS Baltika was to be decreased by 3,671 thousand euros from 4,079 thousand euros to 408 thousand euros. The share capital was decreased by reducing the nominal value of the shares by 0.9 euro. As a result of the decrease of the share capital, the share capital of AS Baltika was 408 thousand euros that was divided into 4,079,485 shares with nominal value of 0.10 euro by share.

AS Baltika annual general meeting held on April 12, 2019 approved the increase of share capital by issuing 50,000,000 new ordinary shares. The subscription period for shares started on July 16, 2019 and ended on August 7, 2019. The Management Board of AS Baltika approved the distribution of new shares to investors on August 9, 2019, which was changed by the Management Board decision on August 15, 2019. On August 13, 2019 Commercial Register registered the increase of share capital of AS Baltika. The new amount of the registered share capital of AS Baltika is 5,408 thousand euros, which is divided into 54,079,485 shares with nominal value of 0.1 euros

*Changes in year 2020*

In accordance with creditors claims restructuring plan approved on 19 June 2020 loan from KJK Fund SICAV-SIF was reduced from 4,045 thousand euros to 820 thousand euros.



Other reserves in the amount of 820 thousand euros at 30 June 2020 and 4,045 thousand euros as of 31 December 2019 represents the non-interest bearing loan with no fixed repayment date from KJK Sicav-SIF.

### Shareholders as at 30 June 2020

	Number of shares	Holding
1. ING Luxembourg S.A.	48,526,500	89.73%
2. Clearstream Banking AG	1,070,500	1.98%
3. Members of Management and Supervisory Boards and persons related to them		
Entities connected to Supervisory Board not mentioned above	1,529,219	2.83%
4. Other shareholders	2,953,266	5.46%
<b>Total</b>	<b>54,079,485</b>	<b>100%</b>

### Shareholders as at 31 December 2019

	Number of shares	Holding
1. ING Luxembourg S.A.	48,526,500	89.73%
2. Clearstream Banking AG	1,070,500	1.98%
3. Members of Management and Supervisory Boards and persons related to them		
Entities connected to Supervisory Board not mentioned above	1,529,219	2.83%
4. Other shareholders	2,953,266	5.46%
<b>Total</b>	<b>54,079,485</b>	<b>100%</b>

The shares of the Parent company are listed on the Nasdaq Tallinn. After registering the increase of AS Baltika share capital in Commercial Register on August 13, 2019, KJK Fund Sicav-SIF (ING Luxembourg S.A. AIF ACCOUNT account) shareholding in AS Baltika increased and made the entity a controlling shareholder (shareholding of 89.73%).

### NOTE 13 Segments

The Group's chief operating decision maker is the Management Board of the Parent company AS Baltika. The Parent company's Management Board reviews the Group's internal reporting in order to assess performance and allocate resources. Management Board has determined the operating segments based on these reports.

The Parent company's Management Board assesses the performance of the business by distribution channel: retail channel and other sales channels (including wholesale, franchise, consignment and e-commerce). The retail segments are countries which have been aggregated to reportable segments by regions which share similar economic characteristics and meet other aggregation criteria provided in IFRS 8.

Description of segments and principal activities:

 Retail segment - consists of retail operations in Estonia, Latvia, Lithuania and Finland. While the Management Board reviews separate reports for each region, the countries have been aggregated into one reportable segment as they share similar economic characteristics. Each region sells the same products to similar classes of customers and use the same production process and the method to distribute their products.

 All other segments – consists of sale of goods to wholesale, franchise and consignment clients, materials and sewing services and e-commerce sales. None of these segments meet the reportable segments quantitative thresholds set out by IFRS 8 and are therefore aggregated into the All other segments category.

The Parent company's Management Board measures the performance of the operating segments based on external revenue and profit (loss). External revenue amounts provided to the Management Board are measured in a manner consistent with that of the financial statements. The segment profit (loss) is an internal measure used in the internally generated reports to assess the performance of the segments and comprises the segment's gross profit (loss) less operating expenses directly attributable to the segment, except for other operating income and expenses. The amounts provided to the Management Board with respect to inventories are measured in a manner consistent with that of the financial



statements. The segment inventories include those operating inventories directly attributable to the segment or those that can be allocated to the particular segment based on the operations of the segment and the physical location of the inventories.

The Management Board monitors the Group's results also by shops and brands. The Group makes decisions on a shop-by-shop basis, using aggregated information for decision making. For segment reporting the Management Board has decided to disclose the information by distribution channel. Most of the Management Board's decisions related to investments and resource allocation are based on the segment information disclosed in this Note.

Measures of income statement, segment assets and liabilities have been measured in accordance with accounting policies used in the preparation of the financial statements, except for accounting for lease that is presented in reports to Management Board according to IAS 17.

The Management Board primarily uses a measure of revenue from external customers, segment profit, depreciation and amortisation and inventories to assess the performance of the operating segments. Information for the segments is disclosed below:

### The segment information provided to the Management Board for the reportable segments

	Retail	All other segments <sup>1</sup>	Total
<b>2 Q 2020</b>			
Revenue (from external customers)	3,006	701	3,707
Segment profit (loss) <sup>2</sup>	-832	-151	-983
Incl. depreciation and amortisation	-158	0	-158
<b>2 Q 2019</b>			
Revenue (from external customers)	9,479	984	10,463
Segment profit (loss) <sup>2</sup>	1,671	250	1,921
Incl. depreciation and amortisation	-193	0	-193
<b>6M 2020 and as at 30 June 2020</b>			
Revenue (from external customers)	8,391	1,453	9,844
Segment profit (loss) <sup>2</sup>	-1,696	-248	-1,944
Incl. depreciation and amortisation	-338	0	-338
Inventories of segments	3,932	0	3,932
<b>6M 2019 and as at 30 June 2019</b>			
Revenue (from external customers)	17,472	2,261	19,733
Segment profit (loss) <sup>2</sup>	1,771	461	2,232
Incl. depreciation and amortisation	-397	0	-397
Inventories of segments	4,376	0	4,376

<sup>1</sup>All other segments include sale of goods to wholesale, franchise and consignment clients, materials and sewing services and the sales from e-commerce

<sup>2</sup>The segment profit is the segment operating profit.

### Reconciliation of segment profit to consolidated operating profit

	2 Q 2020	2 Q 2019	6m 2020	6m 2019
Total segment profit	-983	1,921	-1,944	2,232
Unallocated expenses <sup>1</sup> :				
Costs of goods sold and distribution costs	-1	-1,287	-493	-2,300
Administrative and general expenses	-718	-907	-1,510	-1,501
Impact of the rent accounting principles	0	108	0	211
Other operating income (expenses), net	5,841	-68	5,878	49
<b>Operating profit (loss)</b>	<b>4,139</b>	<b>-233</b>	<b>1,931</b>	<b>-1,309</b>



<sup>1</sup>Unallocated expenses include the expenses of the parent and production company that are not allocated to the reportable segments in internal reporting.

### Reconciliation of segment inventories to consolidated inventories

	30 June 2020	31 Dec 2019
Total inventories of segments	3,932	4,051
Inventories in Parent company and production company	3,321	3,593
<b>Inventories on statement of financial position</b>	<b>7,253</b>	<b>7,644</b>

### NOTE 14 Revenue

	2 Q 2020	2 Q 2019	6m 2020	6m 2019
Sale of goods in retail channel	3,006	9,462	8,391	17,437
Sale of goods in wholesale and franchise channel	20	412	220	1,120
Sale of goods in e-commerce channel	661	469	1,166	1,013
Other sales	20	120	67	163
<b>Total</b>	<b>3,707</b>	<b>10,463</b>	<b>9,844</b>	<b>19,733</b>

### Sales by geographical (client location) areas

	2 Q 2020	2 Q 2019	6m 2020	6m 2019
Estonia	1,900	5,193	4,954	9,524
Lithuania	951	2,511	2,594	4,755
Latvia	795	2,446	2,166	4,569
Russia	14	61	27	370
Serbia	0	0	0	119
Austria	0	83	1	139
Finland	22	101	57	139
Germany	5	8	7	20
Ukraine	9	9	18	15
Other countries	11	51	20	83
<b>Total</b>	<b>3,707</b>	<b>10,463</b>	<b>9,844</b>	<b>19,733</b>

### NOTE 15 Cost of goods sold

	2 Q 2020	2 Q 2019	6m 2020	6m 2019
Materials and supplies	1,885	3,593	5,405	7,572
Payroll costs in production	0	871	0	1,623
Operating lease expenses*	0	0	0	1
Other production costs	0	78	0	178
Depreciation of assets used in production (Note 6,7)	0	173	0	347
Changes in inventories	0	0	-130	-170
<b>Total</b>	<b>1,885</b>	<b>4,715</b>	<b>5,275</b>	<b>9,551</b>

### NOTE 16 Distribution costs

	2 Q 2020	2 Q 2019	6m 2020	6m 2019
Payroll costs	1,212	2,330	3,060	4,626
Operating lease expenses*	0	461	191	918
Advertising expenses	83	263	337	541
Depreciation and amortisation (Note 6,7)	1,398	1,452	2,856	2,915
Fuel, heating and electricity costs	55	105	151	229
Municipal services and security expenses	64	104	154	199
Fees for card payments	15	53	45	96
Travel expenses	1	10	23	39



Information technology expenses	29	63	79	131
Consultation and management fees	17	7	46	12
Communication expenses	13	22	31	45
Other sales expenses <sup>1</sup>	-81	156	33	304
<b>Total</b>	<b>2,806</b>	<b>5,026</b>	<b>7,006</b>	<b>10,055</b>

<sup>1</sup>Other sales expenses consist mostly of insurance and customs expenses, bank fees, expenses for uniforms, packaging, transportation and renovation expenses of stores, and service fees connected to administration of market organisations.

#### NOTE 17 Administrative and general expenses

	2 Q 2020	2 Q 2019	6m 2020	6m 2019
Payroll costs	283	588	600	899
Operating lease expenses*	5	13	14	26
Information technology expenses	43	50	91	95
Bank fees	5	20	26	47
Depreciation and amortisation (Note 6,7)	223	110	447	218
Fuel, heating and electricity expenses	18	15	46	35
Management, juridical-, auditor's and other consulting fees	116	35	209	59
Other administrative expenses <sup>1</sup>	25	56	77	106
<b>Total</b>	<b>718</b>	<b>887</b>	<b>1,510</b>	<b>1,485</b>

<sup>1</sup>Other administrative expenses consist of insurance, communication, travel, training, municipal and security expenses and other services.

#### NOTE 18 Other operating income and expenses

	2 Q 2020	2 Q 2019	6m 2020	6m 2019
Gain (loss) from sale, impairment of PPE	-88	0	-58	-2
Other operating income	5,942	1	5,951	123
Foreign exchange gain (-loss)	-11	-13	-8	-14
Fines, penalties and tax interest	0	0	-2	0
Other operating expenses	-2	-56	-5	-58
<b>Total</b>	<b>5,841</b>	<b>-68</b>	<b>5,878</b>	<b>49</b>

Other operating income in amount of 4,620 thousand euros relates to restructuring of creditors' claims in accordance to the restructuring plan approved on 19 June 2020 and the reverse of the impairment of the right to use the property arising from the lease agreements for the production buildings in the amount of 1,320 thousand euros when contract terminated through restructuring.

#### NOTE 19 Finance costs

	2 Q 2020	2 Q 2019	6m 2020	6m 2019
Interest cost	-174	-383	-440	-749
<b>Total</b>	<b>-174</b>	<b>-383</b>	<b>-440</b>	<b>-749</b>

In first quarter of 2020, interest expense includes accounted interest expense from lease liabilities (IFRS 16) in the amount of 378 thousand euros (6 months 2019: 423 thousand euros).

**NOTE 20 Earnings per share**

<b>Basic earnings per share</b>		<b>2 Q 2020</b>	<b>2 Q 2019</b>	<b>6m 2020</b>	<b>6m 2019</b>
Weighted average number of shares (thousand)	pcs	54,079	18,604	54,079	29,638
Net loss from continuing operations		3,965	-616	1,491	-2,058
<b>Basic earnings per share</b>	<b>EUR</b>	<b>0.07</b>	<b>-0.03</b>	<b>0.03</b>	<b>-0.07</b>
<b>Diluted earnings per share</b>	<b>EUR</b>	<b>0.07</b>	<b>-0.03</b>	<b>0.03</b>	<b>-0.07</b>

There were no dilutive instruments in the reporting period. Instruments that could potentially dilute basic earnings per share are K-bonds in 2019 and the share option programs. Their dilutive effect is contingent on the share price and whether the Group has generated a profit.

The average price (arithmetic average based on daily closing prices) of AS Baltika share on the Nasdaq Tallinn Stock Exchange in the reporting period was 0.12 euros (6 months 2019: 0.26 euros).

**NOTE 21 Related parties**

For the purpose of these financial statements, parties are considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence over the financial and management decisions of the other one in accordance with IAS 24, Related Party Disclosures. Not only the legal form of the transactions and mutual relationships, but also their actual substance has been taken into consideration when defining related parties.

For the reporting purposes in consolidated interim statements of the Group, the following entities have been considered related parties:

- ☒ owners, that have significant influence, generally implying an ownership interest of 20% or more; and entities under their control (Note 12);
- ☒ members of the Management Board and the Supervisory Board<sup>1</sup>;
- ☒ immediate family members of the persons stated above;
- ☒ entities under the control or significant influence of the members of the Management Board and Supervisory Board.

<sup>1</sup>Only members of the Parent company Management Board and Supervisory Board are considered as key management personnel, as only they have responsibility for planning, directing and controlling Group activities.

**Transactions with related parties**

	<b>2 Q 2020</b>	<b>2 Q 2020</b>	<b>6 M 2020</b>	<b>6 M 2019</b>
Services purchased	6	6	12	12
<b>Total</b>	<b>6</b>	<b>6</b>	<b>12</b>	<b>12</b>

In 2020 and 2019, AS Baltika bought mostly management services from the related parties.

**Balances with related parties**

	<b>30 June 2020</b>	<b>31 Dec 2019</b>
Other loans and interests (Note 9)	980	4 109
<b>Payables to related parties total</b>	<b>980</b>	<b>4 109</b>

All transactions in 2020 as well as in 2019 reporting periods and balances with related parties as at 30 June 2020 and 31 December 2019 were with entities under the control or significant influence of the members of the Supervisory Board.

**Compensation for the members of the Management Board and Supervisory Board**

	<b>2 Q 2020</b>	<b>2 Q 2019</b>	<b>6m 2020</b>	<b>6m 2019</b>
Salaries of the members of the Management Board	116	294	182	369
Remuneration of the members of the Supervisory Council	4	4	14	8
<b>Total</b>	<b>120</b>	<b>298</b>	<b>196</b>	<b>377</b>



As at 30 June 2020 was one Management Board Member and five Supervisory Board Members. 31 December 2019 were two Management Board Members and five Supervisory Board Members.

#### *Changes in the Management Board in 2019*

By the decision of the Supervisory Board made on March 14, 2019, starting from March 22, 2019 Mae Leyer will be the third member of the Management Board of AS Baltika. She will be responsible for implementing the 2019–2020 operational plan, which main parts are optimizing the brand portfolio and sales channels, digitalisation and changing the procurement base.

On June 26, 2019, Supervisory Board approved the resignation request of the CEO Meelis Milder. On the same day Meelis Milder's powers as the Member of the Management Board ended. Meelis Milder will continue as an Advisor of the Supervisory Board of the company on the basis of one-year contract, which was signed on June 26, 2019. As a result of the changes, the Management Board of AS Baltika continues with two members, Mae Leyrer as a CEO, who will be responsible for the sales, marketing and retail business processes and Maigi Pärnik-Pernik, who will be responsible for product development and support functions.

#### *Changes in the Management Board in 2020*

According to the decision of the Supervisory Board held in 11 March, Flavio Perini is the new CEO and Member of Management Board of AS Baltika from 1 April 2020. Mae Leyrer, Member of the Management Board of AS Baltika 14-months contract expired on 22 May 2020. The contract of Maigi Pärnik-Pernik, Member of the Management Board, expired in March 2020 and was extended to 22 May 2020 according to the decision made on 11 March by Supervisory Board.



## AS BALTIKA SUPERVISORY BOARD



### **JAAKKO SAKARI MIKAEL SALMELIN**

Chairman of the Supervisory Board since 23 May 2012, Member of the Supervisory Board since 21.06.2010

Partner, KJK Capital Oy

Master of Science in Finance, Helsinki School of Economics

Other assignments:

Member of the Management Board, KJK Capital Oy,

Member of the Management Board, KJK Management SA,

Member of the Management Board of Amiraali Invest Oy,

Member of the Management Board of UAB D Investiciju Valdymas.

Baltika shares held on 30 June 2020: 0



### **TIINA MÕIS**

Member of the Supervisory Board since 03.05.2006

Chairman of the Management Board of AS Genteel

Degree in Economical Engineering, Tallinn University of Technology

Other assignments:

Member of the Supervisory Board of AS LHV Pank and AS LHV Group,

Member of the Supervisory Board of Rocca al Mare Kool

Baltika shares held on 30 June 2020: 1,297,641 shares (on AS Genteel account)



### **REET SAKS**

Member of the Supervisory Board since 25.03.1997

Legal Advisor at Farmi Piimatööstus

Degree in Law, University of Tartu

Other assignments

Member of the Management board of Non-profit organization AIPPI Estonian workgroup

Baltika shares held on 30 June 2020: 0



**LAURI KUSTAA ÄIMÄ**

Member of the Supervisory Board since 18.06.2009

Managing Director of Kaima Capital Oy

Master of Economics, University of Helsinki

Other assignments:

Sole board member of Kaima Capital Eesti OÜ

CEO, member of the Board of KJK Capital Oy

Chairman of the Board of KJK Fund II, SICAV-SIF

Member of the Management Board of KJK Fund III Management S.a.r.l

Member of the Management Board of KJK Investments S.a.r.l

Member of the Supervisory Board of AS Toode

Member of the Management Board of Amber Trust Management SA

Member of the Management Board of Amber Trust II Management SA

Director of Amber Trust SCA

Director of Amber Trust II SCA

Member of the Board of Aurejärvi Varainhoito Oy

Member of the Board of KJK Investicije 2 d.o.o

Member of the Board of KJK Investicije 4 d.o.o

Member of the Board of KJK Investicije 5 d.o.o

Member of the Board of KJK Investicije 7 d.o.o

Member of the Board of KJK Investicije 8 d.o.o

Member of the Supervisory Board of Managetrade OÜ

Chairman of the Supervisory Board of JSC Rigas Dzirnaveiks

Member of the Board of UAB Malsena Plius

Member of the Board of AB Baltic Mill

Member of the Board of Bostads AB Blåklinten Oy

Member of the Supervisory Board of Saaremere Kala AS

Member of the Supervisory Board of Eurohold Bulgaria AD

Member of the Board of UAB D Investiciju Valdymas

Chairman of the Board of KJK Management SA

Chairman of the Supervisory Board of AS PR Foods

Member of the Supervisory Board of Elan d.o.o.o

Member of the Board of Baltik Vairas

Chairman of the Supervisory Board of Tahe Outdoors OÜ

Member of the Board of KJK Sports S.a.r.l.

Baltika shares held on 30 June 2020: 231,578 shares (on Kaima Capital Eesti OÜ account)



**KRISTJAN KOTKAS**

Member of the Supervisory Board since 08.10.2019

General Counsel at KJK Capital Oy

Master's degree in Law, University of Tartu

Master's degree in Law, University of Cape Town

Other assignments:

Member of the Management Board of KJK III Participations S.a.r.l,

Member of the Management Board of Rondebosch OÜ,

Member of the Management Board of Protea Invest OÜ,

President of Non-profit organization Tallinn Kalev RFC,

Member of the Management Board of Non-profit organization Estonian Rugby Union.

Baltika shares held on 30 June 2020: 0



## AS BALTIKA MANAGEMENT BOARD



**FLAVIO PERINI**

Member of the Management Board, CEO since May 1<sup>st</sup> 2020

Member of the Board since 2020, in the Group since 2020

Law Degree (Università degli Studi di Parma)

Baltika shares held on 30 June 2020: 0