



## AS BALTIKA

### Consolidated interim report for the fourth quarter and 12 months of 2020

Commercial name	AS Baltika
Commercial registry number	10144415
Legal address	Valukoja 10, Tallinn 11415, Estonia
Phone	+372 630 2700
E-mail	baltika@baltikagroup.com
Web page	www.baltikagroup.com
Main activities	Design, development 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 – 31 December 2020

**BALTMAN**

**monton**

**Ivo Nikkolo**

## CONTENTS

Brief description of Baltika Group .....	3
Management board's confirmation of the management report .....	11
Interim financial statements .....	12
Consolidated statement of financial position .....	13
Consolidated statement of profit and loss and comprehensive income .....	14
Consolidated cash flow statement.....	15
Consolidated statement of changes in equity.....	16
Notes to consolidated interim report.....	17
NOTE 1 Accounting policies and methods used in the preparation of the interim report.....	17
NOTE 2 Financial risks .....	17
NOTE 3 Cash and cash equivalents.....	20
NOTE 4 Trade and other receivables .....	21
NOTE 5 Inventories .....	21
NOTE 6 Property, plant and equipment.....	22
NOTE 7 Intangible assets .....	22
NOTE 8 Finance lease.....	23
NOTE 9 Borrowings .....	24
NOTE 10 Trade and other payables.....	25
NOTE 11 Provisions .....	25
NOTE 12 Equity .....	26
NOTE 13 Segments.....	27
NOTE 14 Revenue.....	29
NOTE 15 Cost of goods sold .....	29
NOTE 16 Distribution costs.....	30
NOTE 17 Administrative and general expenses.....	30
NOTE 18 Other operating income and expenses.....	30
NOTE 19 Finance costs.....	31
NOTE 20 Earnings per share.....	31
NOTE 21 Related parties .....	31
AS Baltika Supervisory Board .....	33
AS Baltika Management Board .....	34

## BRIEF DESCRIPTION OF BALTIKA GROUP

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 various 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 NASDAQ exchange group.

As at 31<sup>st</sup> December 2020 the Group employed 277 people (31 December 2019: 529).

The parent company is located and has been registered at Valukoja 10 in Tallinn, Estonia.

The Group consists of the following companies:

<b>Subsidiary</b>	<b>Location</b>	<b>Activity</b>	<b>Holding as at 31 December 2020</b>	<b>Holding as at 31 December 2019</b>
OÜ Baltika Retail	Estonia	Dormant	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	Liquidated	0%	100%
Baltika Sweden AB	Sweden	Liquidated	0%	100%
OÜ Baltika Tailor	Estonia	Liquidated	0%	100%

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

## MANAGEMENT REPORT

### BALTIKA'S UNAUDITED FINANCIAL RESULTS, FOURTH QUARTER AND 12 MONTHS OF 2020

Baltika Group ended the fourth quarter with a net loss of 1,352 thousand euros. The loss for the same period last year was 2,609 thousand euros. Despite the second wave of COVID-19, the quarter results have improved 1,257 thousand euros year over-year due to Baltika Group's heavy focus on fixed costs reduction, which led to operating expense decreasing by 2,406 thousand euros. With one-offs: reserve for expense of closing stores in 2021 in the amount of 230 thousand euros and reduction of deferred tax assets reserve in the amount of 140 thousand euros, Baltika finished the year with a net loss of 377 thousand euros.

The Group's sales revenue for the fourth quarter was 3,978 thousand euros, decreasing by 61% compared to the same period last year. Retail sales revenue in the fourth quarter decreased by 63% and despite having one less brand to sell, e-com increased by 9%. The main reason for the decrease in retail sales was the second wave of COVID-19 and the restrictions in place in Latvia and Lithuania starting from November and full store closure from mid-December. Sales to business customers decreased due to the strategic decision to exit this sales channel.

The gross profit for the quarter was 2,222 thousand euros, decreasing by 51% i.e. 2,303 thousand euros compared to the same period of the previous year (Q4 2019: 4,525 thousand euros). The company's gross profit margin was 55.9% in the fourth quarter, which is 11.3 percentage points higher than the margin of the same quarter of the previous year (Q4 2019: 44.6%). The decrease in gross profit amount is due to the decrease in sales volumes. The positive increase in gross profit margin is due to Baltika Group selling more full price stock to end customers and fewer discounted items.

The Group's distribution and administrative expenses in the fourth quarter were 2,983 thousand euros, decreasing by 45% i.e. 2,406 thousand euros compared to the same period last year. Over 70% of the decrease in expense relates to the reduction in retail costs. These costs are reduced not only by the closure of stores but also with reduction of per store and market office expenses. Consistent and significant reductions in distribution and administrative expenses is a part of Baltika Group's ongoing restructuring plan, a focus area, which has led to decrease by 601 thousand euros. In line with the restructuring plan Baltika Group head-office staff has been reduced during the quarter by a further 22 people (reduction of 67 people for the total of 2020).

12 months total gross profit amounts to 9,676 thousand euros, compared to prior year 19,191 thousand euros (decreasing 50%) with the biggest decline coming from the second quarter where most of stores were closed for a period due to COVID-19. Fourth quarter situation was not as bad due to Baltika's biggest market Estonia remaining operational. Operating expenses in the 12 months amounted to 14,587 thousand euros, decreasing by 34% that is 7,673 thousand euros with 31% of the amount coming from the second quarter when the stores were closed for a period of time due to COVID-19 and 61% coming from the second half-year where it was mainly due to cost savings in line with the restructuring plan. Other operating income of the four quarters in the amount of 5,442 thousand euros is mainly due to 4,585 thousand euros connected to the restructuring of creditors' claims in accordance with 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. Fourth quarter includes the reserve expense made for closing stores in 2021 in the amount of 230 thousand euros. Yearly net financial expense was 761 thousand euros and tax expense 147 thousand euros mainly due to the change in deferred tax reserve in the amount of 140 thousand euros. The net loss for the year 2020 is 377 thousand euros (compared to 5,909 net loss the prior year).

Owing to the careful management of the stock situation, to received loan of 2,550 thousand euros from KJK Fund SICAV-SIF via its holding company and to all the cost savings achieved, Baltika Group has managed to retain the financial stability achieved by the end of third quarter despite the second wave of Covid-19 and finished the year with 1,467 thousand euros cash and cash equivalents with no use of bank overdraft (with 3,000 thousand euros limit). Baltika will continue implementing the strategy – develop its only remaining women's clothing brand Ivo Nikkolo with the new contemporary quality products partly available from spring-summer 2021 and fully from autumn-winter. More focus will be put on accessories a with wide selection of quality products already available in spring-summer and one separate standalone accessories store to be launched in spring 2021. Another focus is to continue searching for cooperation partners to increase online sales.

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

- AS of 01 October 2020, the company's new legal address and actual location is Valukoja 10, 11415 Tallinn, Estonia.
- In connection to 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. The court approved on 8 October 2020 that bankruptcy proceedings have lapsed.
- Supervisory Board of AS Baltika decided at the meeting on 20<sup>th</sup> October 2020 to appoint as the new Audit Committee members Maigi Pärnik-Pernik and Marin Käärrik-Anton.
- Baltika's subsidiary Baltman OÜ was forced to close Ivo Nikkolo brand flagship store in Tallinn old town on Suur-Karja street in November 2020 due to the drastic impact of the COVID-19 pandemic on the wider retail sector. Baltman OÜ did not see it possible to pay in the new economic situation for the store rent that was around 4 times higher than the average rent in Tallinn old town.
- Latvian government announced the state of emergency from 9<sup>th</sup> of November 2020 and due to the restrictions imposed all of Baltika's stores in the country were closed in the weekends from 14<sup>th</sup> of November. Full closure became effective from 19<sup>th</sup> of December 2020.
- Lithuanian government declared lockdown from 7<sup>th</sup> November 2020 and made further restrictions closing all stores except food from 16<sup>th</sup> December 2020.
- Baltika Group Supervisory Board elected Triinu Tarkin to the Management Board of AS Baltika, whose mandate began from 01 December 2020 and last for the period of 3 years.
- AS Baltika signed on 30<sup>th</sup> of December 2020 amendments to the existing loan agreements with KJK Fund Sicav-SIF and it's holding whereby the full amount of the loan remaining after the reorganisation plan and the new loan together with the payable obtained from third party in total amount of 3,931 thousand euros was restructured as subordinated loan that carries no interest and has no repayment date.
- On 19<sup>th</sup> of January 2021, the extraordinary general meeting of the shareholders of AS Baltika resolved to approve AS Baltika Management Board member Flavio Perini share option, to preclude the pre-emptive right of the shareholders to subscribe the shares issued during the performance of the option agreement, and to amend Articles of Association to allow increase of Share Capital up to 5% for the option agreement.
- In February Kalaport OÜ filed action against Baltman OÜ, claiming 70 140 euros as rental debt together with late payment penalties. Baltman OÜ is of the opinion that the claim for rent in the amount filed by Kalaport OÜ is unjustified and remains at the position also in the court proceeding that the rental agreement is terminated and the rental debt claimed by Kalaport OÜ does not exist in the named extent.

## REVENUE

Baltika's fourth quarter revenue was 3,978 thousand euros, which was 61% lower compared to the same period last year. Retail sales decreased by 63%, as the second wave of COVID-19 hit the Baltic countries and traffic started to drop from the end of October. Latvian stores were closed in the weekends from 14<sup>th</sup> of November and completely from 19<sup>th</sup> of December 2020. Lithuanian stores were fully closed from 16<sup>th</sup> of December 2020. E-com sales meanwhile increased 9% as cooperation with online platforms started and Latvia and Lithuania had no off-line competitors during the end of the quarter.

### Sales revenue by channel

EUR thousand	4 Q 2020	4 Q 2019	+/-	12M 2020	12M 2019	+/-
Retail	3,400	9,294	-63%	16,995	35,566	-52%
Business Customers	-23	229	-110%	245	1,656	-85%
E-com sales	592	542	9%	2,153	2,067	4%
Other	9	74	-88%	87	340	-74%
<b>Total</b>	<b>3,978</b>	<b>10,139</b>	<b>-61%</b>	<b>19,480</b>	<b>39,630</b>	<b>-51%</b>

### Stores and sales area

As of 31<sup>st</sup> December 2020, the Group had 61 stores. During the fourth quarter, the number of stores decreased by 11. closed in Estonia 5 and in Lithuania 6 stores.

### Stores by market

	31 Dec 2020	31 Dec 2019	Average area change*
Estonia	25	33	-6%
Lithuania	20	29	-10%
Latvia	16	19	-9%
Finland	0	1	-68%
<b>Total stores</b>	<b>61</b>	<b>82</b>	
<b>Total sales area, sqm</b>	<b>14,869</b>	<b>16,467</b>	<b>-10%</b>

\*Yearly average area change also considers the time store is closed for renovation.

### Retail

Retail sales for the fourth quarter was 3,400 thousand euros, decreasing by 63% compared to the same period last year.

### Retail sales by market

EUR thousand	4 Q 2020	4 Q 2019	+/-	Share	12M 2020	12M 2019	+/-	Share
Estonia	1,916	4,159	-54%	56%	8,401	16,704	-50%	49%
Lithuania	770	2,722	-72%	23%	4,611	9,711	-53%	27%
Latvia	714	2,368	-70%	21%	3,945	8,948	-56%	23%
Finland	0	45	-100%	0%	38	203	-81%	0%
<b>Total</b>	<b>3,400</b>	<b>9,294</b>	<b>-63%</b>	<b>100%</b>	<b>16,995</b>	<b>35,566</b>	<b>-52%</b>	<b>100%</b>

Estonia, as the country where stores were not closed, the decrease amounted to 54%. While Lithuanian stores were closed only from 16<sup>th</sup> of December then lockdown started already from 7<sup>th</sup> November, Sales dropped by 72% in Lithuania, while Latvia with its partial closing from 14<sup>th</sup> of November and full closure from 19<sup>th</sup> December sales decreased by 70%.

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

	4 Q 2020	4 Q 2019	+/-	12M 2020	12M 2019	+/-
Estonia	99	199	-50%	120	187	-36%
Lithuania	66	167	-60%	90	148	-39%
Latvia	100	217	-54%	116	194	-41%
Finland	0	79	-100%	54	92	0%
<b>Total</b>	<b>89</b>	<b>191</b>	<b>-53%</b>	<b>109</b>	<b>175</b>	<b>-38%</b>

### Brands

Mainstream brand Monton accounts for the largest share, with sales revenue of 75% of retail sales in the fourth quarter. Monton's sales revenue for the fourth quarter was 2,539 thousand euros, decreasing by 48% compared to the same period last year. The total sales revenue of the two mainstream brands (Monton and Mosaic) decreased by 65% i.e. 4,647 thousand euros in the fourth quarter.

Ivo Nikkolo and Baltman's fourth quarter sales fell by 61% and 57% accordingly. Mosaic and Bastion's sales disappearance relates to the decision to discontinue these brands, which is a part of Baltika Group's ongoing restructuring plan.

### Retail revenue by brand

EUR thousand	4 Q 2020	4 Q 2019	+/-	Share	12M 2020	12M 2019	+/-	Share
Monton	2,539	4,843	-48%	75%	11,977	16,554	-28%	66%
Mosaic	0	2,343	-100%	0%	941	10,396	-91%	5%
Baltman	403	1,025	-61%	12%	2,272	3,823	-41%	12%
Ivo Nikkolo	459	1,066	-57%	14%	2,285	3,794	-40%	13%
Bastion	0	17	-100%	0%	806	999	-19%	4%
Other	0	0	0	0	0	0	0	0
<b>Total</b>	<b>3,400</b>	<b>9,294</b>	<b>-63%</b>	<b>100%</b>	<b>18,280</b>	<b>35,566</b>	<b>-49%</b>	<b>100%</b>

### Sales in other channels

The sales revenue of Baltika Group's e-store Andmorefashion.com in the fourth quarter increased by 9% compared to the same period last year and was 592 thousand euros. The fourth quarter can be characterized by the year's lowest average markdown on total sales, with an average markdown of 41%. The average markdown was 34% in November, which is the lowest it has been in 2020. As a result, quarter 4 became the most profitable quarter for Andmorefashion, as the gross profit margin rose to 44% (10% increase from the previous high score of Q2). December saw an increase in markdown with more discounted products being sold, but that was expected due to markdown levels usually rising in correlation with active sale periods. In comparison to 2019, Q4 wasn't the highest growing quarter in terms of actual revenue generated, but it delivered the highest increase in actual profit earned, surpassing the growth of Q2 by 9%. Month by month, Q4 saw an increase in terms of both revenue generated as well as profit earned every month. As per brands, Monton was the highest selling brand, yet it was also the one with the smallest average order value of 81.59€, compared to for example that of Ivo Nikkolo (115.51€). Q4 marked the beginning of various marketplace and search engine cooperation. Although the revenues driven through these channels were marginal during fourth quarter, as most of the time and effort went into the technical implementation and verification. In total, revenue made through these channels amounted to 2% of the total revenue (to compare, January 2021 alone increased the same figure to 7%). By countries, Estonia delivered most revenue, 56% of the total amount, Latvia followed up with 19% and Lithuania with 19%.

The sales revenue of business customers was -23 thousand euros in the fourth quarter, as the last client was making returns. From the beginning of 2021 Baltika Group does not engage in B2B sales.

## OPERATING EXPENSES AND NET PROFIT

The gross profit for the quarter was 2,222 thousand euros, decreasing by 2,303 thousand euros compared to the same period of the previous year (Q4 2019: 4,525 thousand euros). The company's gross profit margin was 55.9% in the fourth quarter, which is 11.3 percentage points higher than the margin of the fourth quarter of the previous year (Q4 2019: 44.6%). The increase in gross profit margin is mainly due to lower cost of the goods purchased and sold in the fourth quarter (intake margin) and also the fact that for the period when larger discounts were given in the end of December, two markets had fully closed their stores and therefore reduced the proportion of discounted goods sold.

The Group's distribution and administrative expenses in the fourth quarter were 2,983 thousand euros, decreasing by 45% i.e. 2,406 thousand euros compared to the same period last year. Over 70% of the decrease in expense relates to reduction in retail costs. These are reduced not only by closure of stores but also with reduction of per store and market office expenses. Fourth quarter also includes government support received for the spring wave of COVID-19 in Lithuania. Consistent and significant reductions in distribution and administrative expenses is a part of Baltika Group's ongoing restructuring plan that has seen the head-office distribution and administrative expense decrease by 601 thousand euros.

Baltika's distribution and administrative expenses during the year totalled 14,587 thousand euros, decreasing by 7,673 thousand euros compared to the same period last year. 2,571 thousand euros i.e. 38% of the decrease was driven by the decrease of fixed costs in Baltika's head office.

Other net operating loss was 318 thousand euros in the fourth quarter. Majority of this expense in the amount of 230 thousand euros related to the reserve made for stores to be closed in 2021 to cover the closing costs. Operating loss in the fourth quarter was 1,079 thousand euros, in the same period of the previous year the operating loss was 2,282 thousand euros.

Net financial expenses were 126 thousand euros in the quarter, which is 195 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.

Income tax expense in the fourth quarter amounted to 147 thousand euros. From this amount actual tax expense is 7 thousand euros. 140 thousand euros relates to the change in the amount that the Group expects to use in Lithuania in the next 5 years from the total tax losses that are 315 thousand euros.

The net loss for the quarter was 1,352 thousand euros, the result for the comparable period was a net loss of 2,609 thousand euros, signifying an improvement in the results by 1,257 thousand euros. The net loss for the full the year was 377 thousand euros, the net loss for the comparable period of the previous year was 5,909 thousand euros.

## FINANCIAL POSITION

As at 31 December 2020, Baltika Group's cash and cash equivalents amounted to 1,427 thousand euros (264 thousand euros as at 31 December 2019). This shows the financial stability of the company as in the same time the Baltika bank overdraft with limit of 3,000 thousand euros has not been used.

As at 31 December 2020, Baltika Group's trade receivables and other receivables amounted to 318 thousand euros, decreasing by 303 thousand euros compared to the end of the previous year. The decrease is due to the fact that Baltika is gradually exiting business customers' sales channel as part of Baltika Group's strategy and ongoing restructuring plan.

At the end of the quarter, the Group's inventories totalled 3,467 thousand euros, decreasing by 4,177 thousand euros, i.e. 55% compared to the end of the previous year. The biggest decrease comes from finished goods and goods purchased for retail in the amount of 3,406 thousand euros. Baltika Group has taken a pro-active stance in current volatile market situation and made sure that there is no overstocking, especially with the planned store closures.

Fixed assets were acquired in the fourth quarter for 214 thousand euros and depreciation was 155 thousand euros. The residual value of fixed assets has decreased by 404 thousand euros compared to the end of the previous year and was 1,815 thousand euros.

Right of use assets as at 31 December 2020 amounted to 9,216 thousand euros. The assets have decreased by 8,563 thousand euros compared to year end, whereby 5,252 thousand euros relates to

depreciation, 3,706 thousand euros is finished contracts with majority being related to production rent contracts finishing through restructuring and new contracts in the amount of 1,713 thousand euros.

As at 31 December 2020, the total debt was 10,341 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 9,657 thousand euros. The decrease in the Group's debt is mostly related to the restructuring of creditors' claims arising from the reorganization plan and in connection with which the lease liability of the assets of the production units located in Estonia was reduced. The other reason is that as at 31 December 2020 Baltika is not using its bank overdraft (990 thousand euros used as at previous year-end).

As at 31 December 2020 the Group equity was 2,712 thousand euros. While the subordinated loan decreased due to the reorganisation plan in line with other liabilities, the new amounts allocated to subordinated loan at the end of the year take the reserves amount to 3,931 thousand euros.

Cash flow from operating activities in the fourth quarter was 1,674 thousand euros (Q4 2019: 3,541 thousand euros) as there was limited purchase of new goods. In the fourth quarter, 214 thousand euros were put into investment activities. Financing activities shows 1,103 expense (stores rent). The Group's total cash flow for the fourth quarter was 341 thousand euros (Q4 2019: 62 thousand euros).

As at 31 December 2020, Group's net debt (interest-bearing debt less cash and cash equivalents) was 10,820 thousand euros, which is 8,914 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 31 December 2020 was 329% (31 December 2019: 616%). 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 (31 December 2020 and 31 December 2019) from 0.76 to 0.86 due to a decrease in current liabilities.

## PEOPLE

As at 31 December 2020 Baltika Group employed 277 people, which is 104 people less than at 30 September 2020 (381), thereof 225 (30.09.2020: 307) in the retail system, and 52 (30.06.2020: 74) at the head office and logistics centre.

Baltika Group employees' remuneration expense in 12 months of the year amounted to 6,198 thousand euros (12 months of 2019: 10,555 thousand euros). The remuneration expense of the members of the Supervisory Board and Management Board totalled 290 thousand euros (12 months of 2019: 497 thousand euros). 2019 remuneration of the members of the Management Board includes the severance pay paid to Meelis Milder in the amount of 198 thousand euros.

## KEY FIGURES OF THE GROUP (IV QUARTER AND 12 MONTHS OF 2020)

	Q4 2020	Q4 2019	Q4 2018	Q4 2017	Q4 2016
Revenue (EUR thousand)	3,978	10,139	12,281	12,969	12,704
Retail sales (EUR thousand)	3,400	9,294	11,160	11,626	11,413
Share of retail sales in revenue	85.5%	91.7%	90.9%	89.6%	89.8%
Gross margin	55.9%	44.6%	51.9%	54.9%	51.8%
EBITDA (EUR thousand)	459	786	-1,151	1,418	1,123
Net profit (EUR thousand)	-1,352	-2,609	-1,472	920	620
EBITDA margin	11.5%	7.7%	-9.4%	10.9%	8.8%
Operating margin	-27.1%	-22.5%	-11.6%	8.6%	6.3%
EBT margin	-30.3%	-25.7%	-12.8%	7.4%	4.9%
Net margin	-34.0%	-25.7%	-12.0%	7.1%	4.9%

	12M and 31 Dec 2020	12M and 31 Dec 2019	12M and 31 Dec 2018	12M and 31 Dec 2017	12M and 31 Dec 2016
<b>Sales activity key figures</b>					
Revenue (EUR thousand)	19,480	39,630	44,691	47,459	46,993
Retail sales (EUR thousand)	16,995	35,566	38,416	39,476	39,678
Share of retail sales in revenue	87.2%	89.7%	86.0%	83.2%	84.4%
Share of exports in revenue	49.0%	54.3%	55.1%	56.1%	56.4%
Number of stores in retail	61	82	94	95	95
Number of stores	61	82	117	128	128

Sales area (sqm) (end of period)	14,869	16,467	17,758	17,741	17,161
Number of employees (end of period)	277	529	975	1,018	1,049
Gross margin	49.7%	48.4%	49.9%	49.9%	50.0%
EBITDA (EUR thousand)	6,549	3,806	-1,609	1,875	2,004
Net profit (EUR thousand)	-377	-5,908	-5,119	58	177
EBITDA margin	33.6%	9.6%	-3.6%	4.0%	4.3%
Operating margin	2.7%	-11.4%	-6.0%	1.3%	1.5%
EBT margin	-1.2%	-14.9%	-7.2%	0.2%	0.4%
Net margin	-1.9%	-14.9%	-7.0%	0.1%	0.4%
Inventory turnover	3.14	2.02	2.07	2.15	2.17

Other ratios	12M and 31 Dec 2020	12M and 31 Dec 2019	12M and 31 Dec 2018	12M and 31 Dec 2017	12M and 31 Dec 2016
Current ratio	0.9	0.8	0.9	1.8	1.1
Net gearing ratio	329%	616%	12785%	115%	133%
Return on equity	-31.3%	3408.7%	-138.0%	1.3%	3.8%
Return on assets	-1.5%	-21.4%	-28.2%	0.3%	0.9%

### 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\*

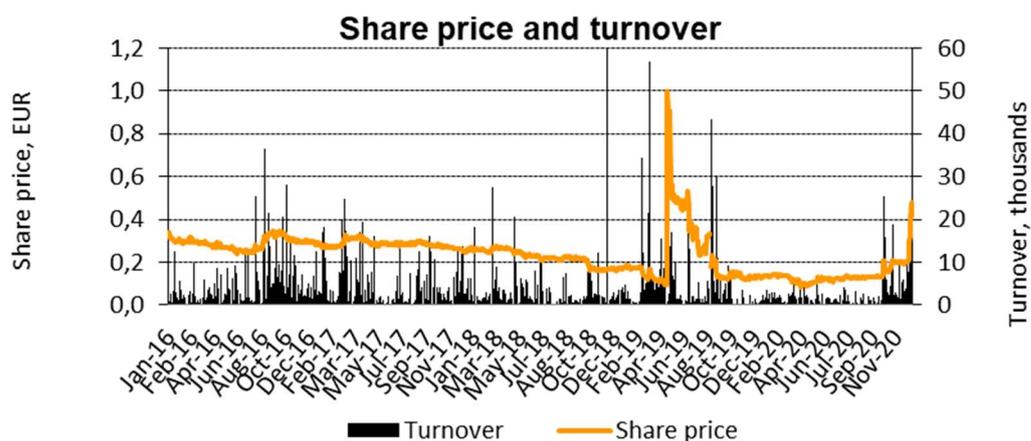
Net gearing ratio = (Interest-bearing liabilities-cash and cash equivalents)÷Equity

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.



---

Flavio Perini  
Chairman of Management Board, CEO  
26 February 2021



---

Triinu Tarkin  
Member of Management Board, CFO  
26 February 2021

## 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 fourth quarter of 2020 as presented on pages 12-32.

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.



---

Flavio Perini  
Chairman of Management Board, CEO  
26 February 2021



---

Triinu Tarkin  
Member of Management Board, CFO  
26 February 2021

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	31 Dec 2020	31 Dec 2019
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	1,427	264
Trade and other receivables	4	318	621
Inventories	5	3,467	7,644
Assets classified as held for sale		0	28
<b>Total current assets</b>		<b>5,212</b>	<b>8,557</b>
<b>Non-current assets</b>			
Deferred income tax asset		140	281
Other non-current assets	4	111	222
Property, plant and equipment	6	1,218	1,683
Right-of-use assets	8	9,199	16,040
Intangible assets	7	597	536
<b>Total non-current assets</b>		<b>11,255</b>	<b>18,762</b>
<b>TOTAL ASSETS</b>		<b>16,477</b>	<b>27,319</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Borrowings	9	252	1,731
Lease liabilities	8	3,127	5,383
Trade and other payables	10,11	3,019	4,118
<b>Total current liabilities</b>		<b>6,398</b>	<b>11,232</b>
<b>Non-current liabilities</b>			
Borrowings	9	874	488
Lease liabilities	8	6,493	12,396
<b>Total non-current liabilities</b>		<b>7,367</b>	<b>12,884</b>
<b>TOTAL LIABILITIES</b>		<b>13,765</b>	<b>24,116</b>
<b>EQUITY</b>			
Share capital at par value	12	5,408	5,408
Reserves	12	3,931	4,045
Retained earnings		-6,250	-341
Net profit (loss) for the period		~ -377	-5,909
<b>TOTAL EQUITY</b>		<b>2,712</b>	<b>3,203</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>16,477</b>	<b>27,319</b>

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

	Note	4Q 2020	4Q 2019	12m 2020	12m 2019
Revenue	13, 14	3,978	10,138	19,480	39,630
Client bonus provision	11, 14	250	81	250	81
Revenue after client bonus provision		4,228	10,219	19,730	39,711
Cost of goods sold	15	-2,006	-5,694	-10,054	-20,520
<b>Gross profit</b>		<b>2,222</b>	<b>4,525</b>	<b>9,676</b>	<b>19,191</b>
Distribution costs	16	-2,575	-4,745	-12,234	-19,588
Administrative and general expenses	17	- 408	-644	-2,353	-2,672
Other operating income (-expense)	18	-318	-1,418	5,442	-1,443
<b>Operating profit (loss)</b>		<b>-1,079</b>	<b>-2,282</b>	<b>531</b>	<b>-4,512</b>
Finance costs	19	-126	-321	-761	-1,391
<b>Profit (loss) before income tax</b>		<b>-1,205</b>	<b>-2,603</b>	<b>-230</b>	<b>-5,903</b>
Income tax expense		-147	-6	-147	-6
<b>Net profit (loss) for the period</b>		<b>-1,352</b>	<b>-2,609</b>	<b>-377</b>	<b>-5,909</b>
<b>Total comprehensive income (loss) for the period</b>		<b>-1,352</b>	<b>-2,609</b>	<b>-377</b>	<b>-5,909</b>
Basic earnings per share from net profit (loss) for the period, EUR	20	-0.02	-0.05	-0.01	-0.16
Diluted earnings per share from net profit (loss) for the period, EUR	20	-0.02	-0.05	-0.01	-0.16

**CONSOLIDATED CASH FLOW STATEMENT**

	Note	4Q 2020	4Q 2019	12m 2020	12m 2019
<b>Cash flows from operating activities</b>					
Operating profit (loss)		-1,079	-2,282	531	-4,512
Adjustments:					
Depreciation, amortisation and impairment of PPE and intangibles	15-17	1,291	3,046	4,400	8,289
Gain (loss) from sale, impairment of PPE, non-current assets, net		-46	-157	2	-153
Other non-monetary adjustments*		0	106	-3,444	-184
Changes in working capital:					
Change in trade and other receivables	4	-27	272	414	264
Change in inventories	5	1,888	3,015	4,177	3,292
Change in trade and other payables	10	-364	-359	-1 099	-1,833
Interest paid and other financial expense		-16	-100	-120	-346
<b>Net cash generated from operating activities</b>		<b>1,647</b>	<b>3,541</b>	<b>4,861</b>	<b>4,817</b>
<b>Cash flows from investing activities</b>					
Acquisition of property, plant and equipment, intangibles	6, 7	-214	-190	-503	-749
Proceeds from disposal of PPE		10	257	43	267
<b>Net cash used in investing activities</b>		<b>-204</b>	<b>67</b>	<b>-460</b>	<b>-482</b>
<b>Cash flows from financing activities</b>					
Received borrowings	9	0	0	3,550	3,000
Repayments of borrowings	9	0	-208	-116	-3,732
Change in bank overdraft	9	0	-1,665	-957	-1,344
Repayments of finance lease	8	-1	28	-1	0
Repayments of lease liabilities, principle	8	-1,027	-1,481	-5,096	-5,741
Repayments of lease liabilities, interest	8	-74	-220	-618	-837
Repayments of convertible notes	8	0	0	0	-845
Proceeds from share issues	11	0	0	0	5,000
<b>Net cash generated from (used in) financing activities</b>		<b>-1,102</b>	<b>-3,546</b>	<b>-3,238</b>	<b>-4,499</b>
<b>Total cash flows</b>		<b>341</b>	<b>62</b>	<b>1 163</b>	<b>-164</b>
<b>Cash and cash equivalents at the beginning of the period</b>					
	3	<b>1,086</b>	<b>202</b>	<b>264</b>	<b>428</b>
<b>Cash and cash equivalents at the end of the period</b>					
	3	<b>1,427</b>	<b>264</b>	<b>1,427</b>	<b>264</b>
<b>Change in cash and cash equivalents</b>		<b>341</b>	<b>62</b>	<b>1,163</b>	<b>-164</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	-5,909	-5,909
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-5,909</b>	<b>-5,909</b>
Reduction of the nominal value of the share	-3,671	-1,107	4,778	0
Increase of share capital	5,000	0	0	5,000
Other reserve	0	4,045	0	4,045
<b>Balance as at 31 December 2019</b>	<b>5,408</b>	<b>4,045</b>	<b>-6,250</b>	<b>3,203</b>
Profit for the period	0	0	-377	-377
<b>Total comprehensive loss</b>	<b>0</b>	<b>0</b>	<b>-377</b>	<b>-377</b>
Increase of subordinated loan	0	3,111	0	3,111
Reduction of subordinated loan	0	-3,225	0	-3,225
<b>Balance as at 31 December 2020</b>	<b>5,408</b>	<b>3,931</b>	<b>-6,627</b>	<b>2,712</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, 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 fourth quarter ended 31 December 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 2020.

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. Most 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>IV qv 2020</b>	<b>IV qv 2019</b>
USD (US dollar)	2.03%	-5.91%

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

<b>Balance-sheet date rates (31.12.2020; 31.12.2019)</b>	
USD (US dollar)	8.23%

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 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 778 thousand euros at 31 December 2020 and 424 thousand euros at 31 December 2019 were subject to a floating 6-month interest rate based on Euribor. Non-current overdraft at 31 December 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 31 December 2020 in the amount of 9,199 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 31 December 2020 the maximum exposure to credit risk from trade receivables (Note 4) and other non-current assets (Note 4) amounted to 230 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 31 December 2020 was 3,000 thousand euros (31 December 2019: 2,010 thousand euros).

**Financial liabilities by maturity at 31 December 2020**

	Carrying amount	Undiscounted cash flows <sup>1</sup>		Total
		1-12 months	1-5 years	
Loans (Note 9) <sup>2</sup>	1,101	246	869	1,115
Finance lease liabilities (Note 8)	9,620	3,761	6,650	10,411
Trade payables (Note 10)	1,044	999	45	1,044
Other financial liabilities	60	60	0	60
<b>Total</b>	<b>11,825</b>	<b>5,066</b>	<b>7,564</b>	<b>12,630</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>	2,219	1,803	781	2,584
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>21,980</b>	<b>11,113</b>	<b>12,596</b>	<b>23,709</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 based on 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.

#### Net gearing ratio

	31 Dec 2020	31 Dec 2019
Interest carrying borrowings (Note 8, 9)	10,341	19,998
Cash and bank (Note 3)	-1,427	-264
Net debt	8,914	19,734
Total equity	2,712	3,203
<b>Net gearing ratio</b>	<b>329%</b>	<b>1,640%</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 31 December 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

	31 Dec 2020	31 Dec 2019
Cash at hand	34	70
Cash at bank and overnight deposits	1,393	194
<b>Total</b>	<b>1,427</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>31 Dec 2020</b>	<b>31 Dec 2019</b>
Trade receivables, net	230	240
Other prepaid expenses	79	185
Tax prepayments and tax reclaims, thereof	1	121
Value added tax	1	121
Other current receivables	8	75
<b>Total</b>	<b>318</b>	<b>621</b>
<b>Long-term assets</b>		
Non-current lease prepayments	111	222
<b>Total</b>	<b>111</b>	<b>222</b>

All trade and other receivables are in euros.

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

<b>31 December 2020</b>	<b>Baltic region</b>	<b>Eastern European region</b>	<b>Other regions</b>	<b>Total</b>
Not due	213	0	0	213
Up to 1 month past due	0	0	0	0
1-3 months past due	6	0	0	6
3-6 months past due	0	0	0	0
Over 6 months past due	9	2	0	11
<b>Total</b>	<b>228</b>	<b>2</b>	<b>0</b>	<b>230</b>
<b>31 December 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**

	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
Fabrics and accessories	53	369
Allowance for fabrics and accessories	-53	-120
Finished goods and goods purchased for resale	3,587	6,995
Allowance for impairment of finished goods and goods purchased for resale	-250	-130
Prepayments to suppliers	130	530
<b>Total</b>	<b>3,467</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>					
Acquisition cost	2,988	4,634	4,909	0	12,531
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	380	37	277	9	703
Disposals	-20	-2	-29	0	-51
Reclassification	2	-82	0	-4	-84
Depreciation	-349	-10	-404	0	-763
<b>31 December 2019</b>					
Acquisition cost	2,746	1,004	4,235	5	7,990
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	126	64	109	35	334
Disposals	-17	-71	-67	0	-155
Reclassification	40	0	0	-40	0
Depreciation	-317	-47	-280	0	-644
<b>31 December 2020</b>					
Acquisition cost	2,384	937	3,703	0	7,024
Accumulated depreciation	-1,794	-843	-3,169	0	-5,806
<b>Net book amount</b>	<b>590</b>	<b>94</b>	<b>534</b>	<b>0</b>	<b>1,218</b>

**NOTE 7 Intangible assets**

	Licenses, software and other	Trade-marks	Prepayments	Goodwill	Total
<b>31 December 2018</b>					
Acquisition cost	2,092	1,243	0	154	3,489
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	46	0	46
Assets classified as held for sale	-7	0	0	0	-7
Amortisation	-13	-33	0	0	-46
<b>31 December 2019</b>					
Acquisition cost	885	643	46	154	1,728
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	96	0	73	0	169
Disposals	-7	0	-46	0	-53

Amortisation	-23	-32	0	0	-55
<b>31 December 2020</b>					
<b>Acquisition cost</b>	<b>974</b>	<b>643</b>	<b>73</b>	<b>154</b>	<b>1,844</b>
Accumulated depreciation	-786	-461	0	0	-1,247
<b>Net book amount</b>	<b>188</b>	<b>182</b>	<b>73</b>	<b>154</b>	<b>597</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	-6,150
Additions	5,441
Discount	-1,330
<b>Net assets 31.12.2019</b>	<b>16,040</b>
Additions	1,713
Terminations	-3,302
Depreciation	-5,252
<b>Net assets 31.12.2020</b>	<b>9,199</b>

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

	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
<b>Lease liabilities</b>		
Current	3,127	5,383
Non-current	6,493	12,396
<b>Total lease liabilities</b>	<b>9,620</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>4Q 2020</b>	<b>4Q 2019</b>	<b>12m 2020</b>	<b>12m2019</b>
Interest expense (under finance cost, Note 19)	74	220	618	837
Depreciation (under operating expenses, Notes 15-17)	1,370	1,602	5,252	6,150
<b>Total</b>	<b>1,445</b>	<b>1,822</b>	<b>5,870</b>	<b>6,987</b>

The total cash outflow for long-term leases in 12 months of 2020 was 5,096 thousand euros (12 months 2019: 5,741 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

	31 Dec 2020	31 Dec 2019
<b>Current borrowings</b>		
Current portion of bank loans	227	698
Overdraft	0	990
Current portion of finance lease liabilities	25	0
Other short term borrowings	0	43
<b>Total</b>	<b>252</b>	<b>1,731</b>
<b>Non-current borrowings</b>		
Non-current bank loans	778	424
Other non-current liabilities	96	64
<b>Total</b>	<b>874</b>	<b>488</b>
<b>Total borrowings</b>	<b>1,126</b>	<b>2,219</b>

During the reporting period, the Group made bank loan repayments in the amount of 116 thousand euros (12 months 2019: 697 thousand euros). Group's overdraft facilities with the banks were used in the amount of 0 thousand euros as at 31 December 2020 (31 December 2019: 990 thousand euros).

Interest expense from all interest carrying borrowings in the reporting period amounted to 761 thousand euros (12 months 2019: 1 391 thousand euros), including 113 thousand euros from the convertible bonds of related party in first quarter of 2019 and); and 12 months interests from lease liabilities recognised under IFRS 16 in the amount of 619 thousand euros (12 months 2019: 837 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.

In August, 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 a loan of 2,550 thousand euros, with an interest rate of 6% per annum and repayment date in December 2024. The loan was transferred on September 2020.

An amendment to the loan agreement was signed in December, according to which, as of December 2020, the above-mentioned loan of 2,550 thousand euros is non-interest bearing and the repayment date is not fixed and is therefore classified as subordinated loan that is recorded in equity.

#### Interest carrying loans and bonds of the Group as at 31 December 2020

	Average risk premium	Carrying amount
Borrowings at floating interest rate (based on 6-month Euribor)	EURIBOR +2,00%	1,006
<b>Total</b>		<b>1,006</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

	31 Dec 2020	31 Dec 2019
<b>Current liabilities</b>		
Trade payables	1,044	1,959
Tax liabilities, thereof	1,203	1,036
Personal income tax	164	123
Social security taxes and unemployment insurance premium	406	338
Value added tax	633	568
Other taxes	0	7
Payables to employees <sup>1</sup>	391	719
Other current payables	35	23
Other accrued expenses	18	48
Customer prepayments	98	77
<b>Total</b>	<b>2,789</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

	31 Dec 2020	31 Dec 2019
EUR (euro)	940	1,064
USD (US dollar)	122	943
<b>Total</b>	<b>1,062</b>	<b>2,007</b>

#### NOTE 11 Provisions

	31 Dec 2020	31 Dec 2019
Client bonus provision	0	250
Other provision <sup>1</sup>	230	6

<b>Total</b>	<b>230</b>	<b>256</b>
--------------	------------	------------

#### *Short description of the provision*

Other provision<sup>1</sup> includes store closure in 2021 expense reserve.

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>31 Dec 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	3,931	4,045

As at 31 December 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 31 December 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.

On 30 December, amendments to loan agreements with KJK Fund SICAV-SIF and its holding company were signed and in amount of 3,931 thousand euros was recorded as subordinated loan.s

Other reserves in the amount of 3 931 thousand euros at 31 December 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 31 December 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	231 578	0,43%
4. Other shareholders	4,250 907	7,86%
<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>4 Q 2020</b>			
Revenue (from external customers)	3,401	577	3,978
Segment profit (loss) <sup>2</sup>	613	124	737
Incl. depreciation and amortisation	-131	-4	-135
<b>4 Q 2019</b>			
Revenue (from external customers)	9,294	844	10,138
Segment profit (loss) <sup>2</sup>	1,318	195	1,513
Incl. depreciation and amortisation	-185	0	-185
<b>12M 2020 and as at 31 December 2020</b>			
Revenue (from external customers)	16,996	2,485	19,481
Segment profit (loss) <sup>2</sup>	-653	455	-198
Incl. depreciation and amortisation	-618	-4	-622
Inventories of segments	2,643	0	2,643
<b>12M 2019 and as at 31 December 2019</b>			
Revenue (from external customers)	35,566	4,064	39,630
Segment profit (loss) <sup>2</sup>	3,468	824	4,292
Incl. depreciation and amortisation	-774	0	-774
Inventories of segments	4,051	0	4,051

<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

	4 Q 2020	4 Q 2019	12m 2020	12m2019
Total segment profit	737	1,513	-198	4,292

Unallocated expenses <sup>1</sup> :				
Costs of goods sold and distribution costs	-1,090	-503	-2,360	-3,788
Administrative and general expenses	-408	-644	-2,353	-2,672
Impact of the rent accounting principles	0	-1,229	0	-901
Other operating income (expenses), net	-318	-1,419	5,442	-1,443
<b>Operating profit (loss)</b>	<b>-1,079</b>	<b>-2,282</b>	<b>531</b>	<b>-4,512</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

	31 Dec 2020	31 Dec 2019
Total inventories of segments	2,643	4,051
Inventories in Parent company and production company	824	3,593
<b>Inventories on statement of financial position</b>	<b>3,467</b>	<b>7,644</b>

### NOTE 14 Revenue

	4 Q 2020	4 Q 2019	12m 2020	12m 2019
Sale of goods in retail channel	3,400	9,294	16,995	35,566
Sale of goods in wholesale and franchise channel	-23	228	246	1,656
Sale of goods in e-commerce channel	592	542	2,152	2,067
Other sales	9	75	87	341
<b>Total</b>	<b>3,978</b>	<b>10,139</b>	<b>19,480</b>	<b>39,630</b>

### Sales by geographical (client location) areas

	4 Q 2020	4 Q 2019	12m 2020	12m 2019
Estonia	2,203	4,639	9,906	18,875
Lithuania	882	2,828	4,977	10,081
Latvia	830	2,489	4,346	9,430
Russia	11	50	46	488
Serbia	0	0	0	119
Austria	0	-22	1	79
Finland	7	81	98	326
Germany	3	2	11	24
Ukraine	5	11	30	33
Other countries	37	61	65	175
<b>Total</b>	<b>3,978</b>	<b>10,139</b>	<b>19,480</b>	<b>39,630</b>

### NOTE 15 Cost of goods sold

	4 Q 2020	4 Q 2019	12m 2020	12m 2019
Materials and supplies	1,756	4,997	9,934	16,871
Payroll costs in production	0	559	0	2,919
Operating lease expenses*	0	7	0	2
Other production costs	0	40	0	298
Depreciation of assets used in production (Note 6,7)	0	829	0	659
Changes in inventories	250	-738	120	-229
<b>Total</b>	<b>2,006</b>	<b>5,694</b>	<b>10,054</b>	<b>20,520</b>

### NOTE 16 Distribution costs

	4 Q 2020	4 Q 2019	12m 2020	12m 2019
Payroll costs	1,079	2,238	5,267	8,990
Operating lease expenses <sup>1</sup>	-486	239	-442	1,536
Advertising expenses	139	300	612	1,104
Depreciation and amortisation (Note 6,7,8)	1,481	1,455	5,361	5,864
Fuel, heating and electricity costs	73	106	302	436
Municipal services and security expenses	82	95	314	393
Fees for card payments	18	51	91	196
Travel expenses	1	35	27	92
Information technology expenses	38	49	156	254
Consultation and management fees	14	23	69	62
Communication expenses	14	19	60	85
Other sales expenses <sup>2</sup>	122	135	417	576
<b>Total</b>	<b>2,575</b>	<b>4,745</b>	<b>12,234</b>	<b>19,588</b>

<sup>1</sup>Operating lease (rent) expense in negative as discounts for right of use assets was recognised.

<sup>2</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

	4 Q 2020	4 Q 2019	12m 2020	12m 2019
Payroll costs	197	351	931	1,523
Operating lease expenses	-5	4	10	32
Information technology expenses	45	50	177	198
Bank fees	5	22	36	88
Depreciation and amortisation (Note 6,7)	46	108	591	434
Fuel, heating and electricity expenses	3	17	60	66
Management, juridical-, auditor's and other consulting fees	91	45	409	124
Other administrative expenses <sup>1</sup>	26	47	139	207
<b>Total</b>	<b>408</b>	<b>644</b>	<b>2,353</b>	<b>2,672</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

	4 Q 2020	4 Q 2019	12m 2020	12m 2019
Gain (loss) from sale, impairment of PPE	-46	156	-131	152
Other operating income, expenses	-195	41	5,721	44
Foreign exchange gain (-loss)	-1	-14	-45	-20
Fines, penalties and tax interest	-36	0	-38	0
Other operating expenses	-40	-1,601	-65	-1,619
<b>Total</b>	<b>-318</b>	<b>-1,418</b>	<b>5,442</b>	<b>-1,443</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. Other operating income and expenses in fourth quarter include a reserve for stores to be closed in 2021 in the amount of 230 thousand euros.

### NOTE 19 Finance costs

	4 Q 2020	4 Q 2019	12m 2020	12m 2019
Interest cost	-126	-321	-761	-1,391
<b>Total</b>	<b>-126</b>	<b>-321</b>	<b>-761</b>	<b>-1,391</b>

In 12 months of 2020, interest expense includes accounted interest expense from lease liabilities (IFRS 16) in the amount of 619 thousand euros (12 months 2019: 837 thousand euros).

### NOTE 20 Earnings per share

		4 Q 2020	4 Q 2019	12m 2020	12m 2019
<b>Basic earnings per share</b>					
Weighted average number of shares (thousand)	pcs	54 079	54 079	54 079	36 096
Net loss from continuing operations		-1 352	-2 609	-377	-5 909
<b>Basic earnings per share</b>	<b>EUR</b>	<b>-0,03</b>	<b>-0,05</b>	<b>-0,007</b>	<b>-0,16</b>
<b>Diluted earnings per share</b>	<b>EUR</b>	<b>-0,03</b>	<b>-0,05</b>	<b>-0,007</b>	<b>-0,16</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 0.43 euros (2019: 0.23 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

	4 Q 2020	4 Q 2019	12m 2020	12m 2019
Services purchased	6	6	24	24
<b>Total</b>	<b>6</b>	<b>6</b>	<b>24</b>	<b>24</b>

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

### Balances with related parties

	31 Dec 2020	31 Dec 2019
Other loans and interests (Note 9, 12)	3,992	4,109
<b>Payables to related parties total</b>	<b>3,992</b>	<b>4,109</b>

All transactions in 2020 as well as in 2019 reporting periods and balances with related parties as at 31 December 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

	4 Q 2020	4 Q 2019	12m 2020	12m 2019
Salaries of the members of the Management Board	44	57	278	485
Remuneration of the members of the Supervisory Council	2	3	11	12
<b>Total</b>	<b>46</b>	<b>60</b>	<b>289</b>	<b>497</b>

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

#### *Changes in the Supervisory Board in 2019*

On April 12, 2019, the Annual General Meeting of Shareholders decided to recall Valdo Kalm, a member of the Supervisory Board, from the Supervisory Board.

The extraordinary General Meeting of Shareholders of AS Baltika held on 8 October 2019 elected Kristjan Kotkas as the fifth member of the Supervisory Board, who has been working as a legal advisor to KJK Capital Oy since April 2019.

#### *Changes in the Supervisory Board in 2020*

On 16 August 2020, the Annual General Meeting of Shareholders decided to recall Tiina Mõis, a member of the Supervisory Board.

#### *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 May 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 of December 1, 2020, Triinu Tarkin, Chief Financial Manager of AS Baltika Group, is a member of the Management 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

Baltika shares held on 31 December 2020: 0

**REET SAKS**

Member of the Supervisory Board since 25.03.1997

Legal Advisor at Farmi Piimatööstus

Degree in Law, University of Tartu

Baltika shares held on 31 December 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

Baltika shares held on 31 December 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

Baltika shares held on 31 December 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 31 December 2020: 0

**TRIINU TARKIN**

Member of the Management Board, CFO

Member of the Board since December 1<sup>st</sup> 2020, in the Group since 2011

Master of Science in Finance and Economic analysis (Tallinn University of Technology)

Baltika shares held on 31 December 2020: 0