AS BALTIKA

Consolidated interim report for the first quarter of 2022

Commercial name	AS Baltika
Commercial registry number	10144415
Legal address	Valukoja 10, Tallinn 11415, Estonia
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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 2022 – 31 December 2022
Reporting period	1 January 2022 – 31 March 2022

CONTENTS

Brief description of Baltika Group ... 3
Management board's confirmation of the management report ... 10
Interim financial statements ... 11
Consolidated statement of financial position ... 12
Consolidated statement of profit and loss and comprehensive income ... 13
Consolidated cash flow statement ... 14
Consolidated statement of changes in equity ... 15
Notes to consolidated interim report ... 16
NOTE 1 Accounting policies and methods used in the preparation of the interim report ... 16
NOTE 2 Financial risks ... 16
NOTE 3 Cash and cash equivalents ... 20
NOTE 4 Trade and other receivables ... 20
NOTE 5 Inventories ... 21
NOTE 6 Poperty, 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 ... 25
NOTE 13 Segments ... 26
NOTE 14 Revenue ... 28
NOTE 15 Cost of goods sold ... 28
NOTE 16 Distribution costs ... 28
NOTE 17 Administrative and general expenses ... 29
NOTE 18 Other operating income and expenses ... 29
NOTE 19 Finance costs ... 29
NOTE 20 Earnings per share ... 30
NOTE 21 Related parties ... 30
AS Baltika Supervisory Board ... 32
AS Baltika Management Board ... 33

Consolidated interim report for the I quarter of 2022 (in thousand euros, unaudited)

BRIEF DESCRIPTION OF BALTIKA GROUP

Baltika Group, with the parent company AS Baltika, is an international fashion retailer. Baltika develops and operates fashion brand Ivo Nikkolo and discontinues operations of the Monton and Baltman brands. Baltika employs a business model, which 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 31st March 2022 the Group employed 155 people (31 December 2021: 173).

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

The Group consists of the following companies:

Subsidiary	**Location**	**Activity**	**Holding as at 31 March 2022**	**Holding as at 31 December 2021**
OÜ Baltika Retail	Estonia	In liquidation	100%	100%
OÜ Baltman	Estonia	Retail	100%	100%
SIA Baltika Latvija[1]	Latvia	Retail	100%	100%
UAB Baltika Lietuva[1]	Lithuania	Retail	100%	100%

[1]Interest through a subsidiary.

MANAGEMENT REPORT

BALTIKA'S UNAUDITED FINANCIAL RESULTS, FIRST QUARTER OF 2022

Baltika Group ended the first quarter with a net loss of 1,345 thousand euros. The loss for the same period last year was 1,655 thousand euros. This signifies an improvement of 310 thousand euros despite the negative impact of COVID-19 spread all over the Baltics and the unpredictable war situation between Russia and Ukraine which has negatively affected the Group's performance during the first quarter of 2022.

The Group's sales revenue for the first quarter was 2,075 thousand euros, decreasing by 3% compared to the same period last year when due to the second wave of COVID-19 stores were partially closed across the Baltics. In addition to that, the Group suffered during the whole Q1 2022 from the high level of COVID-19 cases in all Baltic countries, which negatively affected the in-store traffic and created a lot of difficulties running daily in-store operations due to high level of COVID-19 spread also within the store staff

E-com sales revenue for the first quarter was 337 thousand euros, decreasing by 65% compared to the same period last year even if performance is not fully comparable due to the fact that during Q1 2021 the e-com performance included mostly sales of Baltman and Monton discounted products.

The gross profit for the quarter was 849 thousand euros, decreasing by 24 thousand euros compared to the same period of the previous year (Q1 2021: 873 thousand euros). The company's gross profit margin was 40,91% the same level as in the first quarter of the previous year (Q1 2021: 40.93%).

The Group's distribution and administrative expenses were 2,193 thousand euros in the first quarter, decreasing by 17% i.e., 2,636 thousand euros compared to the same period last year. The reduction in costs in the retail market is related to overall cost savings and the closure of unprofitable stores. The head-office distribution and administrative expense decreased a further 133 thousand euros compared to the same period last year.

Baltika Group ended the year with cash and cash equivalents of 528 thousand euros, using the bank's overdraft facility in the amount of 2,559 thousand euros (out of the limit of 3,000 thousand euros) at the end of the quarter. Baltika will continue to implement the strategy – to develop modern high-quality products under its womenswear brand Ivo Nikkolo that is available in Estonia, Latvia and Lithuania and in the e-store.

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

- Three new Ivo Nikkolo concept stores were opened: Spice shopping mall in Riga on 17th of March, Rotermann Quarter in Tallinn on 28th of March and Plaza shopping mall in Riga on 6th of April.
- In April 2022, KJK Fund Sicav-SIF, a major shareholder of the company, and AS Baltika signed a new loan agreement, according to which KJK Fund Sicav-SIF will grant a loan of 700 thousand euros, with no interest and repayment date in December 2024.

REVENUE

Baltika's first quarter revenue was 2,075 thousand euros which was 3% lower compared to the same period last year, mostly driven by an expected negative e-commerce performance. Retail sales increased by 50% as all off-line stores remained open during the whole Q1 2022 and e-com sales decreased by 65% compared to the same period last year but the performance is not fully comparable with Q1 2021 where the e-commerce sales were mostly driven by Baltman and Monton discontinued and discounted products. In addition to that, e-commerce was the only active channel during that time due to previous lockdown all over the Baltics during Q1 2021.

Sales revenue by channel

EUR thousand	1 Q 2022	1 Q 2021	+/-
Retail	1 755	1 168	50%
E-com sales	337	956	-65%
Other	-17	7	-341%
Total	**2 075**	**2 131**	**-3%**

Stores and sales area

As of 31st March 2022, the Group had 29 stores. Baltika Group closed in Estonia 4, Latvia 2 and opened 2 new Ivo Nikkolo concept stores in Rotermann Quarter in Tallinn and Spice shopping centre in Riga.

Stores by market

	31 March 2022	31 March 2021	Average area change*
Estonia	13	23	-61%
Lithuania	9	12	-19%
Latvia	7	13	-24%
Total stores	**29**	**48**	
Total sales area, sqm	**8 009**	**11 649**	**-31%**

*Yearly average area changes also considered the time store is closed for renovation or closings due to COVID-19 restrictions.

Retail

Retail sales for the first quarter was 1,755 thousand euros, increasing by 50% compared to the same period last year.

Retail sales by market

EUR thousand	1 Q 2022	1 Q 2021	+/-	Share
Estonia	813	1 115	-27%	46%
Lithuania	524	51	938%	30%
Latvia	419	3	15125%	24%
Total	**1 755**	**1 168**	**50%**	**100%**

The increase in Latvia and Lithuania is not fully comparable with Q1 2021 due to lockdown and COVID-19 restrictions happened during Q1 2021.

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

	1 Q 2022	1 Q 2021	+/-
Estonia	68	81	-17%
Lithuania	73	134	-46%
Latvia	70	0	0%
Total	**70**	**83**	**-16%**

In Lithuania only 1 store was re-opened by mid February 2021 – all other stores were fully closed till May 2021.

Brands

The brand Ivo Nikkolo continues to account for the largest share, with 95% of retail sales during the first quarter. Ivo Nikkolo sales revenue for the first quarter amounted to 1,675 thousand euros, an increase of 611% compared to the same period last year.

Monton and Baltman sales decreased is related to the decision to discontinue these brands, which is a part of Baltika Group's ongoing restructuring plan.

Retail revenue by brand

EUR thousand	1 Q 2022	1 Q 2021	+/-	Share
Monton	61	761	-92%	4%
Mosaic	0	0	0%	0%
Baltman	19	167	-89%	1%
Ivo Nikkolo	1 675	236	611%	95%
Bastion	0	4	-100%	0%
Total	**1 755**	**1 168**	**50%**	**100%**

Sales in e-com

E-com sales revenue for the first quarter was 337 thousand euros, decreasing by 65% compared to the same period last year even if performance is not fully comparable due to the fact that during Q1 2021 the e-com performance included mostly sales of Baltman and Monton discounted and discontinued products. At the same time Ivo Nikkolo brand sales compared with the same period last year improved by 14%, accessories increasing by 71% and clothing by 8%.

OPERATING EXPENSES AND NET PROFIT

The gross profit for the quarter was 849 thousand euros, decreasing by 24 thousand euros compared to the same period of the previous year (Q1 2021: 873 thousand euros). The company's gross profit margin was 40,91%, the same level as in the first quarter of the previous year (Q1 2021: 40.93%).

The Group's distribution and administrative expenses in the first quarter were 2,193 thousand euros, decreasing by 17% i.e., 2,636 thousand euros compared to the same period last year. The reduction in costs in the retail market is related to the overall cost savings and the closure of the loss-making stores.

The head-office distribution and administrative expense decreased a further 133 thousand euros compared to the same period last year.

Other net operating income was 82 thousand euros in the first quarter. The operating loss for the first quarter was 1 345 thousand euros, while the operating loss for the same period last year was 1 655 thousand euros.

Net financial expenses were 83 thousand euros in the quarter, which is 42 thousand euros less than in the same period last year. The decrease in financial expenses is related to the interest-bearing liabilities on expired leases.

The net loss for the quarter was 1,345 thousand euros, the result for the comparable period was a net loss of 1,655 thousand euros. This signifies an improvement of 310 thousand euros despite the negative impact of COVID-19 in the first quarter of 2022 and the unpredictable war situation.

FINANCIAL POSITION

As at 31 March 2022, Baltika Group's cash and cash equivalents amounted to 528 thousand euros (614 thousand euros as at 31 December 2021). The decrease in cash and cash-equivalents relates to financing the first quarter operating expenses.

At the end of the quarter, the Group's inventories totalled 2,145 thousand euros, decreasing by 346 thousand euros, i.e., 14% compared to the end of the previous year. The amount remained relatively stable as there was limited buying done and hence the stock level remains optimal despite the unexpected war situation.

Fixed assets were acquired in the first quarter for 425 thousand euros and depreciation was 170 thousand euros. The residual value of fixed assets has increased by 260 thousand euros compared to the end of the previous year and was 1,746 thousand euros.

Right of use assets as of 31 March 2021 amounted to 6,108 thousand euros. The assets have increased by 152 thousand euros compared to year end, with new contracts amounting to 951 thousand euros, 621 thousand euros decreased due to depreciation, 142 thousand euros decreased due to contracts, most of which are related to the termination of shop leases through restructuring.

As of 31 March 2021, the total debt was 9,372 thousand euros, which together with the change in overdraft represents an increase in debt of 627 thousand euros compared to the end of the previous year (31.12.2021: 8,745 thousand euros).

As of 31 March 2022 the Group equity was -1,042 thousand euros due to the loss in the first quarter. With this, Baltika Group is not compliant with Commercial Code requirement of equity being 50% from share capital. Baltika's Management Board and Supervisory Board are in the process of developing a detailed plan on how to ensure that the equity deficit will be fully recovered by the end of 2022.

Cash flow from operating activities in the first quarter was 553 thousand euros (Q1 2021: -29 thousand euros). In the first quarter, 424 thousand euros were put into investment activities. Cash flows from financing activities include repayments of lease obligations with interest of 694 thousand euros. The part of overdrafts increased by 574 thousand euros during the quarter, bank loan repayments were made in the amount of 89 thousand euros. The Group's total cash flow for the first quarter amounted to -86 thousand euros (1Q 2021: -1,071 thousand euros).

As at 31 March 2022, Group's net debt (interest-bearing debt less cash and cash equivalents) was 8,844 thousand euros, which is 713 thousand euros more than at the end of the previous year (31.12.2021: 8,131 thousand euros). The increase in net debt is mainly related to decrease in cash and cash equivalents due to first quarter loss. The net debt to equity ratio as of 31 March 2022 was -856% (31 December 2021: 2 606%). The Group's liquidity ratio has gone down over the quarter (31 March 2022 and 31 December 2021) from 0.85 to 0.61 due to a decrease in current assets.

PEOPLE

As at 31 March 2022 Baltika Group employed 155 people, which is 18 people less than at 31 December 2021 (173), thereof 114 (31.12.2021: 133) in the retail system, and 41 (31.12.2021: 40) at the head office.

Baltika Group employees' remuneration expense in 3 months of the year amounted to 718 thousand euros (Q1 of 2021: 880 thousand euros). The remuneration expense of the members of the Supervisory Board and Management Board totalled 80 thousand euros (Q1 of 2021: 203 thousand euros).

KEY FIGURES OF THE GROUP (I QUARTER OF 2022)

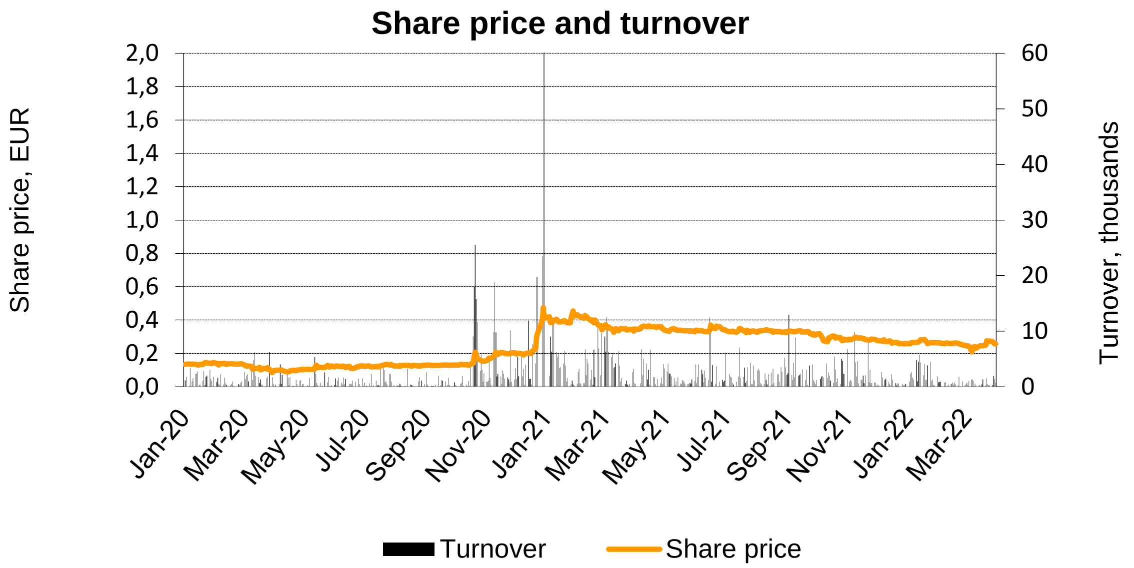
Sales activity key figures	3M and 31 March 2022	3M and 31 March 2021	3M and 31 March 2020	3M and 31 March 2019	3M and 31 March 2018
Revenue (EUR thousand)	2 075	2 132	6 137	9 270	10 343
Retail sales (EUR thousand)	1 755	1 168	5 385	7 975	8 137
Share of retail sales in revenue	84,6%	54,8%	87,7%	86,0%	78,7%
Share of exports in revenue	50,2%	50,2%	50,2%	53,3%	56,6%
Number of stores in retail	29	48	78	91	95
Number of stores	29	48	78	101	126
Sales area (sqm) (end of period)	8 009	11 649	15 580	17 082	17 642
Number of employees (end of period)	155	247	495	946	1 022
Gross margin	40,9%	40,9%	44,8%	47,8%	47,2%
EBITDA (EUR thousand)	-495	-402	-525	672	-576
Net profit (EUR thousand)	-1 345	-1 655	-2 474	-1 442	-982
EBITDA margin	-23,8%	-18,9%	-8,5%	7,2%	-5,6%
Operating margin	-60,8%	-71,8%	-36,0%	-11,6%	-8,3%
EBT margin	-64,8%	-77,7%	-40,3%	-15,6%	-9,5%
Net margin	-64,8%	-77,7%	-40,3%	-15,6%	-9,5%
Inventory turnover	1,73	0,94	1,37	1,78	2,01

Other ratios					
Current ratio	0,61	0,61	0,80	0,50	1,60
Net gearing ratio	-856,0%	9509,0%	2823,9%	-1198,3%	190,8%
Return on equity	-349,7%	-178,6%	-444,7%	-62,8%	-21,8%
Return on assets	-10,9%	-4,8%	-9,1%	-8,3%	-5,3%

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
19 April 2022

Brigitta Kippak
Member of Management Board, COO
19 April 2022

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 first quarter of 2021 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
19 April 2022

Brigitta Kippak
Member of Management Board, COO
19 April 2022

Consolidated interim report for the I quarter of 2022 (in thousand euros, unaudited)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 March 2022	31 Dec 2021
ASSETS			
Current assets			
Cash and cash equivalents	3	528	614
Trade and other receivables	4	258	696
Inventories	5	2,145	2,491
Total current assets		**2,931**	**3,801**
Non-current assets			
Deferred income tax asset		80	80
Other non-current assets	4	159	172
Property, plant and equipment	6	1,131	855
Right-of-use assets	8	6,108	5,956
Intangible assets	7	615	631
Total non-current assets		**8,093**	**7,694**
TOTAL ASSETS		**11,024**	**11,495**
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings	9	362	364
Lease liabilities	8	1,730	1,692
Trade and other payables	10,11	2,685	2,438
Total current liabilities		**4,777**	**4,494**
Non-current liabilities			
Borrowings	9	2,909	2,425
Lease liabilities	8	4,371	4,264
Total non-current liabilities		**7,280**	**6,689**
TOTAL LIABILITIES		**12,057**	**11,183**
EQUITY			
Share capital at par value	12	5,408	5,408
Reserves	12	4,431	4,431
Retained earnings		-9,527	-6,627
Net profit (loss) for the period		-1,345	-2,900
TOTAL EQUITY		**-1,033**	**312**
TOTAL LIABILITIES AND EQUITY		**11,024**	**11,495**

Consolidated interim report for the I quarter of 2022 (in thousand euros, unaudited)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME

	Note	1Q 2022	1Q 2021
Revenue	13,14	2,075	2,132
Cost of goods sold	15	-1,226	-1,259
Gross profit		**849**	**873**
Distribution costs	16	-1,831	-2,141
Administrative and general expenses	17	-362	-495
Other operating income (-expense)	18	82	234
Operating profit (loss)		**-1,262**	**-1,529**
Finance costs	19	-83	-126
Profit (loss) before income tax		**-1,345**	**-1,655**
Income tax expense		0	0
Net profit (loss) for the period		**-1,345**	**-1,655**
Basic earnings per share from net profit (loss) for the period, EUR	20	-0,01	-0.03
Diluted earnings per share from net profit (loss) for the period, EUR	20	-0,01	-0.03

Consolidated interim report for the I quarter of 2022 (in thousand euros, unaudited)

CONSOLIDATED CASH FLOW STATEMENT

	Note	1Q 2022	1Q 2021
Cash flows from operating activities			
Operating profit (loss)		-1,262	-1,529
Adjustments:			
Depreciation, amortisation and impairment of PPE and intangibles	15-17	722	1,101
Gain (loss) from sale, impairment of PPE, non-current assets, net		64	28
Other non-monetary adjustments*		0	0
Changes in working capital:			
Change in trade and other receivables	4	451	100
Change in inventories	5	346	-184
Change in trade and other payables	10	247	460
Interest paid and other financial expense		-15	-5
Net cash generated from operating activities		**553**	**-29**
Cash flows from investing activities			
Acquisition of property, plant and equipment, intangibles	6, 7	-424	-61
Proceeds from disposal of PPE		0	0
Net cash used in investing activities		**-424**	**-61**
Cash flows from financing activities			
Received borrowings	9	0	0
Repayments of borrowings	9	-89	0
Change in bank overdraft	9	574	66
Repayments of finance lease	8	-6	-2
Repayments of lease liabilities, principle	8	-627	-932
Repayments of lease liabilities, interest	8	-67	-113
Net cash generated from (used in) financing activities		**-215**	**-981**
Total cash flows		**-86**	**-1,071**
Cash and cash equivalents at the beginning of the period	3	**614**	**1,427**
Cash and cash equivalents at the end of the period	3	**528**	**356**
Change in cash and cash equivalents		**-86**	**-1,071**

Consolidated interim report for the I quarter of 2022 (in thousand euros, unaudited)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Reserves	Retained earnings	Total
Balance as at 31 December 2020	**5,408**	**3,931**	**-6,627**	**2,712**
Loss fot the period	0	0	-1,655	-1,655
Total comprehensive loss	**0**	**0**	**-1,655**	**-1,655**
Balance as at 31 March 2021	**5,408**	**3,931**	**-8,282**	**1,057**
Balance as at 31 December 2021	**5,408**	**4,431**	**-9,527**	**312**
Loss fot the period	**0**	**0**	-1,345	-1,345
Total comprehensive loss	**0**	**0**	**-1,345**	**-1,345**
Balance as at 31 March 2022	**5,408**	**4,431**	**-10,872**	**-1,033**

NOTES TO CONSOLIDATED INTERIM REPORT

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

Baltika Group, with the parent company AS Baltika, is an international fashion retailer. Baltika develops and operates fashion brand Ivo Nikkolo and discontinues operations of the Monton and Baltman brands. 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. 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 first quarter ended 31 March 2022 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 2021, 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 2021.

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 2022 and 2021 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:

Average currencies	I Q 2022	I Q 2021
USD (US dollar)	-6.90%	9.26%

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

Balance-sheet date rates (31.03.2022; 31.12.2021)	
USD (US dollar)	-1.99%

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 2,826 thousand euros at 31 March 2022 and 2,341 thousand euros at 31 December 2021 were subject to a floating 6-month interest rate based on Euribor. The remaining non-current borrowings at 31 March 2022 in the amount of 4,371 thousand euros and 4,264 thousand euros at 31 December 2021 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 March 2022 the maximum exposure to credit risk from trade receivables (Note 4) and other non-current assets (Note 4) amounted to 35 thousand euros (31 December 2021: 41 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 March 2022 was 441 thousand euros (31 December 2021: 1,015 thousand euros).

Consolidated interim report for the I quarter of 2022 (in thousand euros, unaudited)

Financial liabilities by maturity at 31 March 2022

		Undiscounted cash flows[1]		
	Carrying amount	**1-12 months**	**1-5 years**	**Total**
Loans (Note 9)[2]	3,265	366	3,270	3,636
Finance lease liabilities (Note 8)	6,101	1,730	4,371	6,101
Trade payables (Note 10)	1,434	1,434	0	1,434
Other financial liabilities	174	174	0	174
Total	**10,974**	**3,704**	**7,641**	**11,344**

Financial liabilities by maturity at 31 December 2021

		Undiscounted cash flows[1]		
	Carrying amount	**1-12 months**	**1-5 years**	**Total**
Loans (Note 9)[2]	2,781	368	2,436	2,804
Lease liabilities (Note 8)	5,956	2,529	4,277	6,806
Trade payables (Note 10)	1,032	1,032	0	1,032
Other financial liabilities	148	148	0	148
Total	**9,917**	**4,077**	**6,713**	**10,789**

[1]For interest bearing borrowings carrying a floating interest rate based on Euribor, the last applied spot rate to loans has been used.
[2]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 analyzing and planning actions is played by a market organization in each target market, enabling the Group to obtain fast and direct feedback on market developments on one hand and adequately consider local conditions.

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 minimize potential deviations. This also helps to improve the relative level and structure of inventories and the fashion collections' meeting consumer expectations. Group's business model was expensive, and the share of fixed costs was high, which made it difficult to respond to external factors and demand. Therefore, Group started implementing changes in business model, management structure, procedures and information systems. Group is changing its supplier base, closed production units and reduced fixed costs which will be continued.

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. 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.

Consolidated interim report for the I quarter of 2022 (in thousand euros, unaudited)

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.

Impacts of the global health and political crises

The effects of the health crisis have eased, but not all sectors have recovered. Baltika Group is constantly monitoring changing risk assessments and analysing the impact of the virus on an ongoing basis. Management does not expect the risk impacts from the coronavirus to materialise in 2022 in a way that would compromise the Group's ability to continue as a going concern.

In addition to the health crisis, Estonia's economy is affected by significantly higher than average energy prices and rising inflation. Baltika Group has taken into account new negative changes in the economic environment.

The pandemic in 2021, which resulted in the closure of stores for only a few months in the first quarter, is nothing compared to what will happen in the global economic environment in 2022. The Russian military offensive against Ukraine, which started on 24 February 2022, has also left its mark on Baltika's results. Sanctions against Russia also added new difficulties to the global logistics situation, which had already been experiencing remarkable delays due to longer transportation times. The Group keeps abreast of events and reacts swiftly to the situation.

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as going concern 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 March 2022	**31 Dec 2021**
Interest carrying borrowings (Note 8, 9)	9,372	8,745
Cash and bank (Note 3)	-528	-614
Net debt	8,844	8,131
Total equity	-1,033	312
Net gearing ratio	**-856%**	**2 606%**

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 March 2022 and 31 December 2021.

Consolidated interim report for the I quarter of 2022 (in thousand euros, unaudited)

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 March 2022	31 Dec 2021
Cash at hand	21	32
Cash at bank and overnight deposits	507	582
Total	**528**	**614**

All cash and cash equivalents are denominated in euros.

NOTE 4 Trade and other receivables

Short-term trade and other receivables	**31 March 2022**	**31 Dec 2021**
Trade receivables, net	35	41
Other prepaid expenses	180	100
Tax prepayments and tax reclaims, thereof	36	47
Value added tax	36	47
Other current receivables	7	508
Total	**258**	**696**

Long-term assets		
Non-current lease prepayments	159	172
Total	**159**	**172**

All trade and other receivables are in euros.

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

31 March 2022	**Baltic region**	**Eastern European region**	**Total**
Not due	31	0	31
Up to 1 month past due	0	0	0
1-3 months past due	0	0	0
3-6 months past due	4	0	4
Over 6 months past due	0	0	0
Total	**35**	**0**	**35**

31 December 2021	**Baltic region**	**Eastern European region**	**Total**
Not due	35	0	35
Up to 1 month past due	0	0	0
1-3 months past due	4	0	4

Consolidated interim report for the I quarter of 2022 (in thousand euros, unaudited)

3-6 months past due	0	0	0
Over 6 months past due	0	2	2
Total	**39**	**2**	**41**

NOTE 5 Inventories

	31 March 2022	31 Dec 2021
Fabrics and accessories	1	2
Allowance for fabrics and accessories	0	0
Finished goods and goods purchased for resale	2,189	2,556
Allowance for impairment of finished goods and goods purchased for resale	-100	-100
Prepayments to suppliers	55	33
Total	**2,145**	**2,491**

Consolidated interim report for the I quarter of 2022 (in thousand euros, unaudited)

NOTE 6 Property, plant and equipment

	Buildings and structures	Machinery and equipment	Other fixtures	Pre-payments, PPE not in yet in use	Total
31 December 2020					
Acquisition cost	**2,384**	**937**	**3,703**	**0**	**7,024**
Accumulated depreciation	-1,794	-843	-3,169	0	-5,806
Net book amount	**590**	**94**	**534**	**0**	**1,218**
Additions	15	0	14	0	29
Disposals	-6	-2	-5	0	-13
Depreciation	-65	-31	-55	0	-151
31 March 2021					
Acquisition cost	**2,206**	**927**	**3,438**	**0**	**6,571**
Accumulated depreciation	-1,672	-866	-2,951	0	-5,489
Net book amount	**534**	**61**	**487**	**0**	**1,082**
31 December 2021					
Acquisition cost	**2,412**	**984**	**3,821**	**35**	**7,252**
Accumulated depreciation	-2,087	-887	-3,423	0	-6,397
Net book amount	**325**	**97**	**398**	**35**	**855**
Additions	26	28	113	253	419
Disposals	-21	-7	-18	0	-46
Reclassification	0	0	0	-14	-14
Depreciation	-34	-9	-40	0	-83
31 March 2022					
Acquisition cost	**2,438**	**1,012**	**3,934**	**274**	**7,657**
Accumulated depreciation	-2,142	-903	-3,481	0	-6,526
Net book amount	**296**	**109**	**453**	**274**	**1,131**

NOTE 7 Intangible assets

	Licenses, software and other	Trade-marks	Prepayments	Goodwill	Total
31 December 2020					
Acquisition cost	**974**	**643**	**73**	**154**	**1,844**
Accumulated depreciation	-786	-461	0	0	-1,247
Net book amount	**188**	**182**	**73**	**154**	**597**
Additions	0	0	32	0	**32**
Amortisation	-12	-8	0	0	**-20**
31 March 2021					
Acquisition cost	**974**	**643**	**105**	**154**	**1,876**

Consolidated interim report for the I quarter of 2022 (in thousand euros, unaudited)

Accumulated depreciation	-798	-469	0	0	-1,267
Net book amount	**176**	**174**	**105**	**154**	**609**
31 December 2021					
Acquisition cost	**1,115**	**696**	**0**	**154**	**1,965**
Accumulated depreciation	-844	-490	0	0	-1,334
Net book amount	**271**	**206**	**0**	**154**	**631**
Additions	0	0	6	0	**6**
Amortisation	-21	-1	0	0	**-22**
31 March 2022					
Acquisition cost	**1,115**	**696**	**6**	**154**	**1,971**
Accumulated depreciation	-865	-491	0	0	-1,356
Net book amount	**250**	**205**	**6**	**154**	**615**

Changes in year 2021

As at 31 December 2021 the trademarks had a net book value of 206 thousand euros (31 December 2020: 182 thousand euros) included acquired trademark Ivo Nikkolo, which remaining amortization period is 5 years. As at the balance sheet date, the depreciation rate previously applied to the trademark was estimated. In the opinion of the management, the depreciation rate initially set was too conservative and did not take into account that Ivo Nikkolo's trademark is the core trademark of AS Baltika. The initial depreciation rate was set at 5% and after a review of the assessment at 2%.

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:

	Right-of-use assets
Net assets 31.12.2020	**9,199**
Depreciation	121
Additions	-290
Discount	-951
Net assets 31.03.2021	**8,079**
Net assets 31.12.2021	**5,956**
Additions	915
Terminations	-142
Depreciation	-621
Net assets 31.03.2022	**6,108**

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

	31 March 2022	31 Dec 2021
Lease liabilities		
Current	1,730	1 692
Non-current	4,371	4 264

Consolidated interim report for the I quarter of 2022 (in thousand euros, unaudited)

Total lease liabilities	**6,101**	**5 956**

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:

	1Q 2022	1Q 2021
Interest expense (under finance cost, Note 19)	67	113
Depreciation (under operating expenses, Notes 15-17)	622	951
Total	**689**	**1,064**

The total cash outflow for long-term leases in I quarter of 2022 was 627 thousand euros (I quarter 2021: 932 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 March 2022	31 Dec 2021
Current borrowings		
Current portion of bank loans	356	356
Current portion of finance lease liabilities	6	8
Total	**362**	**364**
Non-current borrowings		
Non-current bank loans	267	356
Non-current overtraft	2,559	1,985
Other non-current liabilities	83	84
Total	**2,909**	**2,425**
Total borrowings	**3,271**	**2,789**

During the reporting period, the Group made bank loan repayments in the amount of 89 thousand euros (3 months 2021: 0 euros). Group´s overdraft facilities with the banks were used in the amount of 2,559 thousand euros as at 31 March 2022 (31 December 2021: 1,985 thousand euros).

Interest expense from all interest carrying borrowings in the reporting period amounted to 83 thousand euros (3 months 2021: 126 thousand euros), 3 months interests from lease liabilities recognised under IFRS 16 in the amount of 67 thousand euros (3 months 2020: 113 thousand euros).

Interest carrying loans and bonds of the Group as at 31 March 2022

	Average risk premium	Carrying amount
Borrowings at floating interest rate (based on 6-month Euribor)	EURIBOR +2.00%	3,182
Total		**3,182**

Consolidated interim report for the I quarter of 2022 (in thousand euros, unaudited)

Interest carrying loans and bonds of the Group as at 31 December 2021

	Average risk premium	Carrying amount
Borrowings at floating interest rate (based on 6-month Euribor)	EURIBOR +2.00%	2,697
Total		**2,697**

NOTE 10 Trade and other payables

	31 March 2022	31 Dec 2021
Current liabilities		
Trade payables	1,434	1,032
Tax liabilities, thereof	630	759
Personal income tax	65	68
Social security taxes and unemployment insurance premium	296	329
Value added tax	254	361
Other taxes	15	1
Payables to employees[1]	361	329
Other current payables	168	140
Other accrued expenses	24	16
Customer prepayments	62	57
Total	**2,679**	**2,333**

[1]Payables to employees consist of accrued wages, salaries and vacation reserve.

Trade payables and other accrues expenses in denominated currency

	31 March 2022	31 Dec 2021
EUR (euro)	1,343	1,045
USD (US dollar)	115	3
Total	**1,458**	**1,048**

NOTE 11 Provisions

	31 March 2022	31 Dec 2021
Other provision	6	105
Total	**6**	**105**

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 2021.

NOTE 12 Equity

Share capital and reserves

	31 March 2022	31 Dec 2021
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	4,431	4,431

As at 31 March 2022, 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 2021, 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 March 2022 and 31 December 2021 share capital consists of ordinary shares, that are listed on the Nasdaq Tallinn Stock Exchange and all shares have been paid for.

Consolidated interim report for the I quarter of 2022 (in thousand euros, unaudited)

Changes in year 2021

On 31 December, an amendment to the loan agreement was signed between KJK Fund SICAV-SIF and the Group, according to which KJK Fund Sicav-SIF will provide a subordinated loan of 500 thousand euros.

[1] Other reserves amounting to EUR 4 431 thousand represent, as at 31 March 2022 and 31 December 2021 represents the non-interest-bearing loan with no fixed repayment date from KJK Fund Sicav-SIF.

Shareholders as at 31 March 2022

	Number of shares	Holding
1. ING Luxembourg S.A.	48,526,500	89.73%
2. AS Genteel	1,297,641	2.40%
3. Clearstream Banking AG	1,069,624	1.98%
4. Members of Management and Supervisory Boards and persons related to them		
Entities connected to Supervisory Board not mentioned above	231 578	0,43%
5. Other shareholders	2,954,142	5,46%
Total	**54,079,485**	**100%**

Shareholders as at 31 December 2021

	Number of shares	Holding
1. ING Luxembourg S.A.	48,526,500	89.73%
2. AS Genteel	1,297,641	2.40%
3. Clearstream Banking AG	1,069,624	1.98%
4. Members of Management and Supervisory Boards and persons related to them		
Entities connected to Supervisory Board not mentioned above	231 578	0,43%
5. Other shareholders	2,954,142	5,46%
Total	**54,079,485**	**100%**

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

Description of segments and principal activities:

- Retail segment - consists of retail operations in Estonia, Latvia and Lithuania. 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.
- E-commerce segment – includes web sales. The largest sales are done in the Baltics. E-store and retail shops feature the same items. The E-POS system allows the consumer to make a purchase in a retail store even if the corresponding product or a suitable number is not available in the store. After the purchase, the product is delivered to the parcel machine chosen by the customer, similar to the order made in the e-store, thereby improving the availability of the products.
- All other segments – consists of sale of goods to wholesale, franchise and consignation clients, materials and sewing services. None of these segments meet the reportable

Consolidated interim report for the I quarter of 2022 (in thousand euros, unaudited)

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 profit or loss, segment assets and liabilities have been measured in accordance with accounting policies used in the preparation of the financial statements, except for IFRS 16 measurement and recognition of right of use assets and lease liabilities.

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 segment	E-com segments	All other segments[1]	Total
3M 2022 and as at 31 March 2022				
Revenue (from external customers)	1,755	337	-17	2,075
Segment profit (loss)[2]	-639	19	0	-620
Incl. depreciation and amortisation	-71	-6	0	-77
Inventories of segments	1,471	0	0	1,471
3M 2021 and as at 31 March 2021				
Revenue (from external customers)	1,168	956	8	2,132
Segment profit (loss)[2]	-930	113	0	-817
Incl. depreciation and amortisation	-124	-6	0	-130
Inventories of segments	2,158	0	0	2,158

[1]All other segments include sale of goods to wholesale, franchise and consignation clients, materials and sewing services.
[2]The segment profit is the segment operating profit.

Reconciliation of segment profit to consolidated operating profit

	1 Q 2022	1 Q 2021
Total segment profit	-620	-817
Unallocated expenses[1]:		

Consolidated interim report for the I quarter of 2022 (in thousand euros, unaudited)

Costs of goods sold and distribution costs	-362	-451
Administrative and general expenses	-362	-495
Impact of the rent accounting principles	0	0
Other operating income (expenses), net	82	234
Operating profit (loss)	**-1,262**	**-1,529**

[1]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 March 2022	31 Dec 2021
Total inventories of segments	1,471	1,915
Inventories in Parent company and production company	674	576
Inventories on statement of financial position	**2,145**	**2,491**

NOTE 14 Revenue

	1 Q 2022	1 Q 2021
Sale of goods in retail channel	1,755	1,168
Sale of goods in wholesale and franchise channel	-21	3
Sale of goods in e-commerce channel	337	956
Other sales	4	5
Total	**2,075**	**2,132**

Sales by geographical (client location) areas

	1 Q 2022	1 Q 2021
Estonia	975	1,535
Lithuania	586	281
Latvia	494	280
Russia	4	12
Ukraine	3	8
Finland	7	5
Germany	1	2
Other countries	6	9
Total	**2,075**	**2,132**

NOTE 15 Cost of goods sold

	1 Q 2022	1 Q 2021
Materials and supplies	1,226	1,379
Changes in inventories	0	-120
Total	**1,226**	**1,259**

NOTE 16 Distribution costs

	1 Q 2022	1 Q 2021
Payroll costs	710	819
Operating lease expenses[1]	23	-97
Advertising expenses	109	117
Depreciation and amortisation (Note 6,7,8)	694	1,074
Fuel, heating and electricity costs	65	49
Municipal services and security expenses	40	54
Fees for card payments	10	31

Consolidated interim report for the I quarter of 2022 (in thousand euros, unaudited)

Information technology expenses	55	38
Travel expenses	3	0
Consultation and management fees	4	8
Communication expenses	7	23
Other sales expenses[2]	111	25
Total	**1,831**	**2,141**

[1]Operating lease (rent) expense is negative in 2021 as rent discounts (reduction of the lease payments) related to the stores was recognised and government´s subsidies to cover lease payments were received.

[2]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

	1 Q 2022	1 Q 2021
Payroll costs	222	382
Operating lease expenses	2	1
Information technology expenses	39	44
Bank fees	13	11
Depreciation and amortisation (Note 6,7)	28	27
Fuel, heating and electricity expenses	7	2
Management, juridical-, auditor´s and other consulting fees	34	13
Other administrative expenses[1]	17	15
Total	**362**	**495**

[1]Other administrative expenses consist of insurance, communication, travel, training, municipal and security expenses, and other services.

NOTE 18 Other operating income and expenses

	1 Q 2022	1 Q 2021
Gain (loss) from sale, impairment of PPE	-46	-28
Other operating income, expenses	134	270
Foreign exchange gain (-loss)	-2	-5
Fines, penalties and tax interest	0	0
Other operating expenses[1]	-4	-3
Total	**82**	**234**

[1]Other operating income includes government subsidy for working capital in 2021.

NOTE 19 Finance costs

	1 Q 2022	1 Q 2021
Interest cost	-83	-126
Total	**-83**	**-126**

In 3 months of 2022, interest expense includes accounted interest expense from lease liabilities (IFRS 16) in the amount of 67 thousand euros (3 months 2021: 113 thousand euros).

NOTE 20 Earnings per share

Basic earnings per share		1 Q 2022	1 Q 2021
Weighted average number of shares (thousand)	pcs	54,079	54,079
Net loss from continuing operations		-1,345	-1,655
Basic earnings per share	**EUR**	**-0.02**	**-0.03**
Diluted earnings per share	**EUR**	**-0.02**	**-0.03**

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 0.26 euros (2021: 0.35 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[1];
- 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.

[1]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

	1 Q 2022	1 Q 2021
Services purchased	2	6
Total	**2**	**6**

In 2022 and 2021, AS Baltika bought mostly management services from the related parties.

Balances with related parties

	31 March 2022	31 Dec 2021
Other loans and interests (Note 9, 12)	3,992	3,992
Payables to related parties total	**3,992**	**3,992**

All transactions in 2022 as well as in 2021 reporting periods and balances with related parties as at 31 March 2022 and 31 December 2021 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

	1 Q 2022	1 Q 2021
Salaries of the members of the Management Board	77	201
Remuneration of the members of the Supervisory Council	3	2
Total	**80**	**203**

As at 31 March 2022 and 31 December 2021, the Group had two members of the Management Board and four members of the Supervisory Board.

Changes in the Management Board in 2021

AS Baltika Supervisory Board, during the meeting held on 1st of June 2021, recalled Triinu Tarkin from the position of Group CFO and Management Board Member following her resignation. The mandate of Triinu Tarkin ended on 4th of June 2021. Additionally, the Supervisory Board of AS Baltika has appointed Brigitta Kippak into a newly created role of Chief Operating Officer (COO) and Member of the Management Board starting from 1st of June 2021 with a mandate of 3 years.

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 March 2022: 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 March 2022: 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 March 2022: 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 March 2022: 0

AS BALTIKA MANAGEMENT BOARD

FLAVIO PERINI
Member of the Management Board, CEO since May 1st 2020
Member of the Board since 2020, in the Group since 2020
Master's degree in Law (University of Parma - Italy)
Baltika shares held on 31 March 2022: 0

BRIGITTA KIPPAK
Member of the Management Board
Member of the Board since June 1st 2021, in the Group since 1997
Economics Degree (University of Tartu)
Baltika shares held on 31 March 2022: 1 575