



## **UTENOS TRIKOTAŽAS, AB**

**CONSOLIDATED AND COMPANY'S INTERIM FINANCIAL STATEMENTS**  
for the 12 months period ended 31 December 2017  
(UNAUDITED)

## INFORMATION ABOUT COMPANY

Company name	Utenos Trikotažas AB
Legal and organisation form	Legal entity, public company
Date and place of incorporation	Registered with the Register of Legal Entities of Utena District on 6 <sup>st</sup> December 1994; reregistered with the Ministry of Economy of the Republic of Lithuania on 18 <sup>st</sup> September 1998.
Registration code	BĮ 98-257
Code of the Register of Legal Entities	183709468
Authorised share capital	EUR 2 755 870
Address	J.Basanavičiaus g.122, LT-28214, Utena, Lithuania
Name of Register of Legal Entities	Registru centras VĮ
Telephone	+370 389 51445
Fax	+370 389 69358
E-mail	<a href="mailto:utenos.trikotazas@ut.lt">utenos.trikotazas@ut.lt</a>
Website	<a href="http://www.ut.lt">www.ut.lt</a>
Main activities	production of knit-wear and textile articles
Auditors	ERNST&YOUNG BALTIC UAB

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## REVIEW OF ACTIVITY OF THE GROUP COMPANIES

Utenos trikotažas AB group of companies (hereinafter „the Group“) sold products and provided services for EUR 25,8 million, which is by 13,4 per cent more than in the previous year when the Group's sales accounted for EUR 22,8 million. The Group exported 78,7 per cent of products.

The company Utenos trikotažas sold products and provided services for EUR 22,6 million. The sales volume, compared with 2016, grew by EUR 2,9 million, or 15,0 per cent. The company's export sales reached 82,2 per cent.

Compared with the respective period of the previous year, the sales of all business segments recorded a significant growth. The sales of the largest segment – on-demand knitwear – grew by 14,1 per cent and reached EUR 19,1 million, private brands UTENOS and ABOUT grew by 18,0 per cent and reached EUR 3,5 million, whereas the sales of functional-technical garments produced by its subsidiary Šatrija increased by 4,8 per cent up to EUR 3,2 million.

the Group's exports grew by 14,7 per cent and reached EUR 20,3 million. A significant growth (15,1 per cent) was recorded in German-speaking countries (DACH) – products for EUR 10,9 million were exported to the largest sales region. In Scandinavian countries the Group sales increases by 13,5 per cent up to EUR 6,7 million.

In 2017, the Group earned a pre-tax profit of EUR 382 thousand, when in 2016 for the corresponding period earned EUR 1 220 thousand. During the same period, the company Utenos trikotažas earned a pre-tax profit of EUR 2 249 thousand, whereas it recorded a profit of EUR 674 thousand a year ago. The company's profit before taxes has resulted by dividends and the subsidiary's share capital reduction income.

The Group's EBITDA amounted to EUR 1 470 thousand, which is by 33,3 per cent less than in the respective period of 2016. The company's EBITDA reached EUR 846 thousand, decreased 39,1 per cent in the comparison period.

**Key performance indicators of the Group**
**Trade**

Revenue (EUR '000)	Group			Company		
	2017 12M	2016 12M	Change %	2017 12M	2016 12M	Change %
Products manufactured on demand of other clients	19 146	16 776	14,1	19 146	16 776	14,1
Own brands (ABOUT, UTENOS)	3 525	2 987	18,0	3 410	2 846	19,8
Services of functional-technical garments manufacture	3 172	3 027	4,8	-	-	-
	<b>25 843</b>	<b>22 790</b>	<b>13,4</b>	<b>22 556</b>	<b>19 622</b>	<b>15,0</b>

Revenue (EUR '000)	Group			Company		
	2017 IV Q	2016 IV Q	Change %	2017 IV Q	2016 IV Q	Change %
Products manufactured on demand of other clients	5 661	4 403	28,6	5 661	4 403	28,6
Own brands (ABOUT, UTENOS)	943	879	7,3	926	842	10,0
Services of functional-technical garments manufacture	748	806	(7,2)	-	-	-
	<b>7 352</b>	<b>6 088</b>	<b>20,8</b>	<b>6 587</b>	<b>5 245</b>	<b>25,6</b>

**Sales by regions**

Revenue (EUR '000)	Group			Company		
	2017 12M	2016 12M	Change %	2017 12M	2016 12M	Change %
Export	20 328	17 729	14,7	18 550	15 322	21,1
<i>DACH (Germany, Austria, Switzerland)</i>	10 925	9 492	15,1	9 720	8 410	15,6
<i>Scandinavia (Sweden, Norway, Denmark, Finland)</i>	6 676	5 881	13,5	6 273	5 145	21,9
<i>Other regions</i>	2 727	2 356	15,8	2 556	1 767	44,7
Domestic	5 515	5 061	9,0	4 006	4 300	(6,8)
	<b>25 843</b>	<b>22 790</b>	<b>13,4</b>	<b>22 556</b>	<b>19 622</b>	<b>15,0</b>

Revenue (EUR '000)	Group			Company		
	2017 IV Q	2016 IV Q	Change %	2017 IV Q	2016 IVQ	Change %
Export	6 064	4 721	28,4	5 557	4 014	38,4
DACH (Germany, Austria, Switzerland)	2 952	2 041	44,7	2 567	1 718	49,4
Scandinavia (Sweden, Norway, Denmark, Finland)	2 019	2 045	(1,3)	1 922	1 969	(2,4)
Other regions	1 093	636	72,0	1 068	327	226,7
Domestic	1 288	1 366	(5,8)	1 030	1 231	(16,3)
	<b>7 352</b>	<b>6 088</b>	<b>20,8</b>	<b>6 587</b>	<b>5 245</b>	<b>25,6</b>

### Operating figures

	Group			Company		
	2017 12M	2016 12M	Change %	2017 12M	2016 12M	Change %
Manufactured items units .	3 231	2 861	12,9	3 099	2 700	14,8
Average number of employees	1 061	1 025	3,5	714	679	5,2

### Financial ratio

	Group			Company		
	2017 12M	2016 12M	Change %	2017 12M	2016 12M	Change %
Revenue (EUR'000)	25 843	22 790	13,4 %	22 556	19 622	15,0 %
Operating profit (loss) (EUR'000)	646	1 417	(54,4) %	226	773	(70,9) %
Operating profit (loss) margin (%)	2,5	6,2	(3,7) p.p	1,0	3,9	(2,9) p.p
EBITDA (EUR'000)	1 470	2 205	(33,3) %	846	1 388	(39,1) %
EBITDA margin (%)	5,7	9,7	(4,0) p.p	3,7	7,1	(3,3) p.p
Profit (loss) before tax (EUR'000)	383	1 220	(68,7) %	2 249	674	233,6 %
Profit (loss) before tax, margin (%)	1,5	5,4	(3,9) p.p	10%	3,4%	6,8 p.p
Net profit (loss) for the year (EUR'000)	311	1 053	(70,5) %	2 235	569	292,8 %
Net profit (loss) for the year margin (%)	1,2	4,6	(3,4) p.p	9,9	2,9	7,0 p.p
Number of shares, (thousand)	9 503	9 503	-	9 503	9 503	-

Interim Consolidated Information for the 6 months of 2017 (All amounts are in EUR thousand, unless otherwise stated)

	Group			Company		
	2017 IV Q	2016 IV Q	Change %	2017 IV Q	2016 IV Q	Change %
Revenue (EUR'000)	7 352	6 088	20,8%	6 587	5 245	25,6 %
Operating profit (loss) (EUR'000)	70	423	(83,5)%	7	304	(97,6)%
Operating profit (loss) margin (%)	0,9	6,9	(5,2) p.p	1,2	5,8	(5,8) p.p
EBITDA (EUR'000)	274	609	(55,0) %	159	461	(65,5)%
EBITDA margin (%)	3,7	10,0	(6,3) p.p	2,4	8,8	(6,4) p.p
Profit (loss) before tax (EUR'000)	(54)	400	(86,5) %	991	283	251,1%
Profit (loss) before tax, margin (%)	(0,5)	6,6	(7,1) p.p	15,1	5,4	9,7 p.p
Net profit (loss) for the year (EUR'000)	(51)	226	(122,5) %	1 035	173	499,8%
Net profit (loss) for the year margin (%)	0,7	3,7	(4,4) p.p	15,8	3,3	12,5 p.p
Number of shares, (thousand)	9 503	9 503	-	9 503	9 503	-

**Relative ratios**

	Group			Company		
	2017 12M	2016 12M	Change p.p	2017 12M	2016 12M	Change p.p.
Return on capital employed (%)	11,3	38,2	(26,9)	81,1	20,6	60,5
Return on assets (%)	12,7	6,7	6,0	12,4	1,4	11,0
Return on shareholders' equity (%)	4,2	14,5	(10,3)	29,1	10,5	18,5
Debt ratio (%)	57,5	53,4	4,1	57,2	65,2	(8,0)
Debt-to-equity ratio (%)	135,4	114,6	20,8	133,5	187,4	(54,0)
Liquidity ratio (%)	148,4	168,4	(20,0)	150,1	157,3	(7,2)
Equity to assets ratio (%)	42,5	46,6	(4,1)	42,8	34,8	8,0

**Ratios related with the share price**

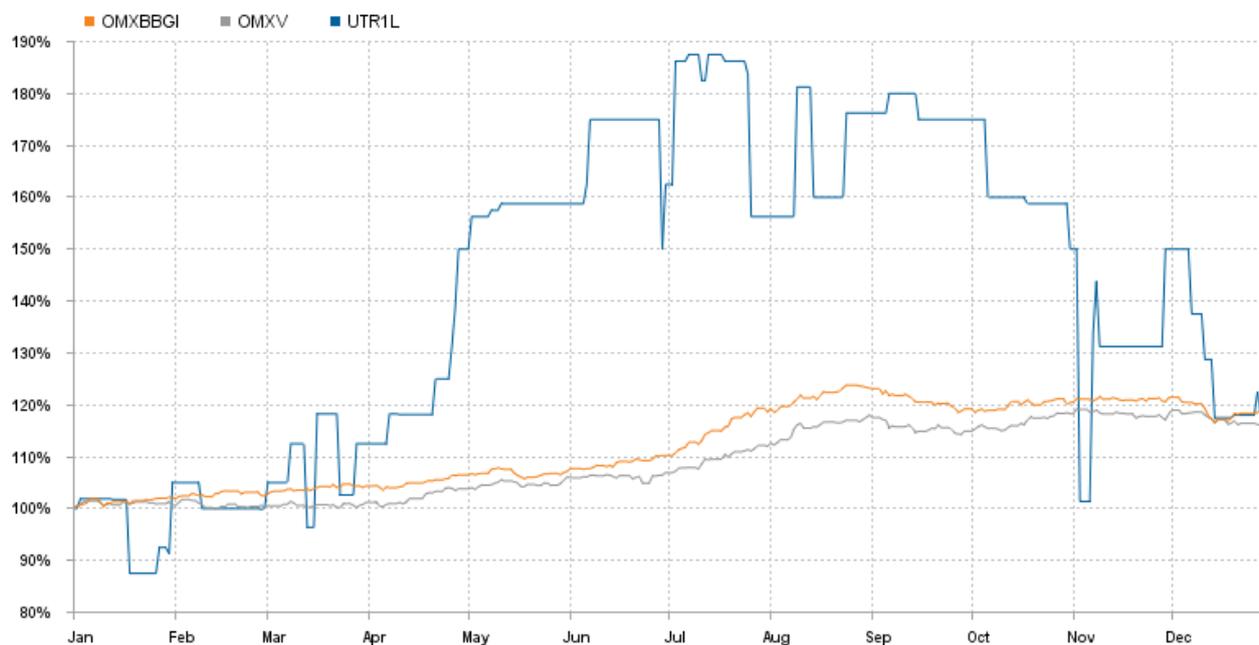
	2017 12M	2016 12M	Change p.p.
P/E	31,22	7,49	23,73
EPS	0,03	0,11	(0,08)
EV/EBITDA	8,22	4,63	3,59

## Information regarding the price of shares and their dynamics

Utenos Trikotažas AB share price dynamics, during 12 months period from 1 January 2017 to 31 December 2017



Price ratios	2017 12M	2016 12M
Open price, EUR	0,800	0,400
High price, EUR	1,500	0,800
Low price, EUR	0,680	0,351
Last price, EUR	0,950	0,800
Traded volume	134 721	130 110
Turnover, million EUR	0,140	0,080
Capitalisation, million EUR	9,030	7,600

**Utenos Trikotažas AB, OMX Baltic Benchmark GI and OMX Vilnius Index dynamics during 12 months period from 1 January 2017 to 31 December 2017**


Index/ Equity	2017.12.31	2016.12.31	2017.12.31 /2016.12.31 Change, %
—OMX Baltic Benchmark GI	788,17	944,09	19,78
—OMX Vilnius	558,5	653,29	16,97
—UTR1L	0,8 EUR	0,95 EUR	18,75

## BALANCE SHEET

	Notes	Group		Company	
		2017.12.31	2016.12.31	2017.12.31	2016.12.31
<b>ASSETS</b>					
<b>Non-current assets</b>					
Intangible assets	7	692	744	68	75
Property, plant and equipment	8	6 979	7 046	5 346	5 379
Investment property		106	109	106	109
Investments into subsidiaries		-	-	1 550	1 499
Trade and other receivables		-	1	-	-
Receivables from subsidiaries		-	-	2 137	2 140
Deferred income tax asset		63	58	-	-
		<b>7 840</b>	<b>7 958</b>	<b>9 207</b>	<b>9 202</b>
<b>Current assets</b>					
Inventories	9	6 853	4 216	6 726	4 113
Trade receivables	10	1 715	1 239	1 445	704
Other current assets		515	365	370	226
Current financial assets		-	600	-	600
Cash and cash equivalents	11	675	1 230	205	598
		<b>9 758</b>	<b>7 650</b>	<b>8 746</b>	<b>6 241</b>
<b>Total assets</b>		<b>17 598</b>	<b>15 608</b>	<b>17 953</b>	<b>15 443</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to the shareholders of the</b>					
Share capital		2 756	2 756	2 756	2 756
Revaluation surplus	12	574	574	574	574
Legal reserve	12	3 107	3 173	1 709	1 751
Reserve for acquisition of own shares	12	90	269	-	-
Foreign currency translation reserve	12	175	119	-	-
Cash flow hedge reserve	12	(21)	(43)	(21)	(43)
Accumulated retained earnings/ (losses)	12	534	(41)	2 670	355
		<b>7 215</b>	<b>6 807</b>	<b>7 688</b>	<b>5 393</b>
<b>Non-controlling interest</b>		<b>259</b>	<b>466</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>7 475</b>	<b>7 273</b>	<b>7 688</b>	<b>5 393</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	13	2 836	3 046	2 836	3 046
Borrowings from subsidiaries	13	-	-	1 061	2 422
Deferred income tax liabilities		390	407	270	270
Non-current portion of derivative financial instruments		10	28	10	28
Provisions for employee benefits		309	310	260	271
		<b>3 546</b>	<b>3 791</b>	<b>4 437</b>	<b>6 037</b>
<b>Current liabilities</b>					
Current portion of non-current borrowings	13	860	738	860	738
Other short term liabilities	13	-	-	200	-
Current portion of derivative financial instruments		19	24	19	24
Trade payables	13	2 668	1 461	2 649	1 430
Payables to other related parties and subsidiaries		239	129	221	240
Income tax payable		37	22	12	7
Accrued expenses and other current liabilities	14	2 756	2 170	1 864	1 574
		<b>6 579</b>	<b>4 544</b>	<b>5 825</b>	<b>4 013</b>
<b>Total liabilities</b>		<b>10 124</b>	<b>8 335</b>	<b>10 262</b>	<b>10 050</b>
<b>Total equity and liabilities</b>		<b>17 598</b>	<b>15 608</b>	<b>17 953</b>	<b>15 443</b>

**STATEMENT OF COMPREHENSIVE INCOME**

Group	Notes	January-December		October-December	
		2017	2016	2017	2016
Sales	6,15	25 843	22 790	7 352	6 088
Cost of sales	16	(20 774)	(18 020)	(5 997)	(4 618)
<b>Gross profit</b>		<b>5 069</b>	<b>4 770</b>	<b>1 355</b>	<b>1 470</b>
Selling expenses	17	(2 010)	(1 534)	(506)	(397)
General and administrative expenses	17	(2 526)	(1 960)	(806)	(675)
Other operating income	18	120	163	27	29
Other operating expenses	18	(7)	(22)	-	(4)
<b>Operating profit (losses)</b>		<b>646</b>	<b>1 417</b>	<b>70</b>	<b>423</b>
Finance income	19	126	484	(8)	444
Finance costs	19	(389)	(681)	(116)	(467)
<b>Profit (losses) before tax</b>		<b>383</b>	<b>1 220</b>	<b>(54)</b>	<b>400</b>
Income tax		(71)	(167)	(13)	(174)
<b>Net profit (losses)</b>		<b>311</b>	<b>1 053</b>	<b>(67)</b>	<b>226</b>
<b>Net profit (losses) attributable to:</b>					
Equity shareholders of the Company	20	289	1 015	(60)	221
Non-controlling interest		22	38	(7)	5
		<b>311</b>	<b>1 053</b>	<b>(67)</b>	<b>226</b>
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods</b>					
Foreign currency translation gain (loss)		56	6	44	22
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>		<b>56</b>	<b>6</b>	<b>44</b>	<b>22</b>
<b>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods</b>					
Other comprehensive income (loss)		(166)	(186)	(83)	(186)
<b>Net other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods</b>		<b>(166)</b>	<b>(186)</b>	<b>(83)</b>	<b>(186)</b>
<b>Other comprehensive income (loss)</b>		<b>(110)</b>	<b>(180)</b>	<b>(39)</b>	<b>(186)</b>
<b>Total comprehensive income (loss) for the period</b>		<b>201</b>	<b>873</b>	<b>(106)</b>	<b>62</b>
<b>Basic/dilutive earnings per share</b>	20	<b>0,02</b>	<b>0,11</b>	<b>(0,01)</b>	<b>0,02</b>

## Statements of comprehensive income (cont'd)

### Company

	Notes	January-December		October-December	
		2017	2016	2017	2016
Sales	15	22 556	19 622	6 587	5 245
Cost of sales	16	(18 606)	(16 116)	(5 486)	(4 073)
<b>Gross profit</b>		<b>3 950</b>	<b>3 506</b>	<b>1 101</b>	<b>1 172</b>
Selling expenses	17	(1 908)	(1 439)	(479)	(372)
General and administrative expenses	17	(1 856)	(1 365)	(624)	(504)
Other operating income	18	44	83	7	11
Other operating expenses	18	(4)	(12)	-	(3)
<b>Operating profit (losses)</b>		<b>226</b>	<b>773</b>	<b>5</b>	<b>304</b>
Finance income	19	2 192	84	1 026	24
Finance costs	19	(169)	(183)	(40)	(45)
<b>Profit (losses) before tax</b>		<b>2 249</b>	<b>674</b>	<b>991</b>	<b>283</b>
Income tax	20	(14)	(105)	44	(110)
		<b>2 235</b>	<b>569</b>	<b>1 035</b>	<b>173</b>

**STATEMENTS OF CHANGES IN EQUITY**

Group	Share capital	Foreign currency translation reserve	Reserve for acquisition of own shares	Other reserve	Legal reserve	Revaluation surplus	Accumulated retained earnings/ (losses)	Total	Non-controlling interest	Total equity
	<b>Balance as of 31 December 2015</b>	<b>2 756</b>	<b>113</b>	<b>269</b>	<b>(42)</b>	<b>574</b>	<b>3 241</b>	<b>(938)</b>	<b>5 973</b>	<b>427</b>
Net profit (loss) for the year	-	-	-	-	-	-	1 015	1 015	38	1 053
Other comprehensive income	-	6	-	(1)	-	-	(186)	(181)	1	(180)
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>-</b>	<b>829</b>	<b>834</b>	<b>39</b>	<b>873</b>
Transfer of revaluation surplus to retained earnings	-	-	-	-	-	(68)	68	-	-	-
<b>Balance as of 31 December 2016</b>	<b>2 756</b>	<b>119</b>	<b>269</b>	<b>(43)</b>	<b>574</b>	<b>3 173</b>	<b>(41)</b>	<b>6 807</b>	<b>466</b>	<b>7 273</b>
Net profit (loss) for the year	-	-	-	-	-	-	289	289	22	311
Other comprehensive income	-	56	-	22	-	-	41	119	(229)	(110)
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>56</b>	<b>-</b>	<b>22</b>	<b>-</b>	<b>-</b>	<b>330</b>	<b>408</b>	<b>(207)</b>	<b>201</b>
Other comprehensive income	-	-	-	-	-	(66)	66	-	-	-
Reserve for acquisition of own shares	-	-	(179)	-	-	-	179	-	-	-
<b>Balance as of 31 December 2017</b>	<b>2756</b>	<b>175</b>	<b>90</b>	<b>(21)</b>	<b>574</b>	<b>3107</b>	<b>534</b>	<b>7 215</b>	<b>259</b>	<b>7 474</b>

Company	Share capital	Legal reserve	Revaluation surplus	Other reserve	Accumulated retained earnings/ (losses)	Total
	<b>Balance as of 31 December 2015</b>	<b>2 756</b>	<b>574</b>	<b>1 793</b>	<b>(42)</b>	<b>(70)</b>
Net profit (loss) for the year	-	-	-	-	569	569
Other comprehensive income (loss)	-	-	-	(1)	(186)	(187)
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>383</b>	<b>382</b>
Transfer of revaluation surplus to retained earnings	-	-	(42)	-	42	-
<b>Balance as of 31 December 2016</b>	<b>2 756</b>	<b>574</b>	<b>1 751</b>	<b>(43)</b>	<b>355</b>	<b>5 393</b>
Net profit (loss) for the year	-	-	-	-	2 235	2 235
Other comprehensive income (loss)	-	-	-	22	38	60
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 273</b>	<b>2 295</b>
Transfer of revaluation surplus to retained earnings	-	-	(42)	-	42	-
<b>Balance as of 31 December 2017</b>	<b>2 756</b>	<b>574</b>	<b>1 709</b>	<b>(21)</b>	<b>2 670</b>	<b>7 688</b>

## STATEMENTS OF CASH FLOWS

	Group		Company	
	31 December 2017	2016	31 December 2017	2016
<b>Cash flows from operating activities</b>				
Profit (loss) for the period	311	1 053	2 235	569
<b>Adjustments for non-cash items:</b>				
Depreciation and amortization	825	788	620	587
(Gain) on disposal of property, plant and equipment and investment property	(13)	(22)	(11)	(21)
Impairment and write-off of i accounts receivable	75	(6)	72	-
Impairment and write-off of inventories	153	19	153	39
Interest expense, net of interest income	98	118	126	101
Income tax (income) expense	112	167	54	105
<b>Changes in working capital:</b>				
(Increase) decrease in inventories	(2 779)	(523)	(2 754)	(531)
(Increase) decrease in trade receivables	(550)	(125)	(814)	123
Decrease (increase) in receivables from subsidiaries	-	-	(2 090)	216
(Increase) decrease in other receivables and other current assets	445	(660)	457	(698)
(Increase) decrease in trade and other accounts payable	1 850	515	1 473	333
Increase (decrease) in taxes payable and other current liabilities	(25)	9	17	20
Income tax (paid)	(61)	(86)	(18)	(26)
<b>Net cash generated from operating activities</b>	<b>441</b>	<b>1 247</b>	<b>(480)</b>	<b>817</b>
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	(796)	(412)	(563)	(321)
Acquisition of intangible assets	(29)	(65)	(29)	(60)
Proceeds from sale of property, plant and equipment	15	22	13	21
Investments in subsidiaries (acquisition)	-	-	(51)	-
Interest received	-	-	11	60
<b>Net cash flows generated from (to) investing activities</b>	<b>(810)</b>	<b>(455)</b>	<b>(619)</b>	<b>(300)</b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	650	201	1 850	701
Repayment of borrowings and financial lease payments	(738)	(724)	(3 100)	(724)
Dividends	-	-	2 093	-
Interest paid	(98)	(118)	(137)	(161)
<b>Net cash flows from financing activities</b>	<b>(186)</b>	<b>(641)</b>	<b>706</b>	<b>(184)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(555)</b>	<b>151</b>	<b>(393)</b>	<b>333</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1 230</b>	<b>1 079</b>	<b>598</b>	<b>265</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>675</b>	<b>1 230</b>	<b>205</b>	<b>598</b>

## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

### 1. General information

The Company is engaged in production of knit-wear and textile articles.

The shares of Utenos Trikotažas AB are listed on the additional List of the NASDAQ OMX Vilnius Stock Exchange.

As of 31 December 2017 and 31 December 2016 the shareholders of the Company were as follows:

	As of 31 December 2017		As of 31 December 2016	
	Number of shares held	Interest held(%)	Number of shares held	Interest held(%)
Koncernas SBA UAB	7 294	76.76	7 294	76.76
Algirdas Šabūnas	950	10.00	950	10.00
Investment Fund East Capital Asset	527	5.55	527	5.55
Other shareholders	732	7.69	732	7.69
	<b>9 503</b>	<b>100.00</b>	<b>9 503</b>	<b>100.00</b>

All the shares are registered ordinary shares with a par value of EUR 0.29 each. As of 31 December 2017 and 31 December 2016 subsidiaries did not hold any shares of the Company. The Company did not hold its own shares within this period.

The consolidated group (hereinafter "the Group" ) consists of the Company and the following subsidiaries:

	Registered address	Group's share (%)		Profile
		30 September 2017	31 December 2016	
Šatrija AB	Šatrijos str. 3, Raseiniai	89,78	89,78	Sewing of clothes
Gotija UAB	Laisvės Str. 33, Kaunas	100,00	90,50	Retail trade
PAT MTF Mrija	Matrosovo Str. 13, Mukachev, Ukraine	98,95	98,95	Production of knitted articles

Utenos Trikotažas AB on 11 April 2017 concluded Shares Sale-Purchase Agreement for 1 805 units of Uždaroji akcinė bendrovė "Gotija", legal entity code 134181619, shares. The Company's acquired shares of Uždaroji akcinė bendrovė "Gotija" comprise 9,5% of all issued shares and together with the Company's currently owned 90,5% shares' package constitute 100% of the authorized capital of Uždaroji akcinė bendrovė "Gotija" and grant all 19 000 votes at the General Shareholders Meetings.

## 2. Form and contents of the financial statements

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

## 3. Change in the accounting method of the Companies' and the Group's Non-current assets Buildings group

In order to achieve a more accurate accounting of the financial results in March 31, 2013 the Non-current assets Buildings group accounting method was changed to the fair value method, as the book value of the Companies' and the Group's Non-current assets Buildings group, which was carried at historical cost, less subsequent accumulated depreciation, had not corresponded with the buildings market value.

## 4. Consolidation

The consolidated financial statements of the Group include Utenos trikotažas AB and its subsidiaries as well as associated companies. The financial statements of the subsidiaries are prepared for the same reporting year, using consistent accounting policies.

Subsidiaries are consolidated from the date from which effective control is transferred to the Company and cease to be consolidated from the date on which control is transferred out of the Group. All intercompany transactions, balances and unrealised gains and losses on transactions among the Group companies have been eliminated. The equity and net income attributable to non-controlling interests are shown separately in the statement of financial position and the statement of comprehensive income.

## 5. Financial risk factors

Due to the geo-political situation in Ukraine and significant drop in the value of UAH against EUR, the Management of the Group and the Company re-designated loan granted, related interests and other long term receivables as a part of net investment in Mrija PAT MTF. Accordingly gains (losses) arising from foreign exchange related to the monetary items considered to be part of net investment into foreign operation is accounted in Group's consolidated financial statements through other comprehensive income (loss).

Amount of monetary items attributed to net investment amounts to EUR 3.5 million and foreign currency exchange difference related to this amount for the 12 months of 2017 comprises EUR 573 thousand, which is accounted in the Group's consolidated financial statements through other comprehensive income.

### **Other comprehensive income (loss) from foreign currency translation included in the consolidated statements of changes in equity in other comprehensive income attributable to the equity holders of the Company:**

Foreign currency exchange difference on monetary items attributed to net investments, EUR	573 300
Foreign currency translation reserve on other items, EUR	(517 464)
<b>Other comprehensive income EUR, net</b>	<b>55 866</b>

## 6. Segment information

The Group has two main business segments: production of knitted articles and production of functional-technical garments

In assessing operational performance of segments the Group's Board takes into account the sales revenue, gross profit, EBITDA (earnings before financial activity result, taxes, depreciation and amortization), profit (loss) ratios, therefore the report on the Group's segments discloses these items in respect of each segment. As the Board also assesses other items of the statement of comprehensive income by each segment, these items are presented in the report on the Group's segments. Inter-segment transactions are eliminated on consolidation.

Below, there is a summary of major indicators for the main business segments of the Group included in the statement of comprehensive income for the 12 months of 2017 and for the 12 months of 2016:

<b>of 31 December 2017</b>	<b>Production of knitted articles</b>	<b>Production of functional-technical garments</b>	<b>Eliminations</b>	<b>Total</b>
External sales	22 671	3 172	-	25 843
Internal sales	950	-	(950)	-
<b>Total revenue</b>	<b>23 621</b>	<b>3 172</b>	<b>(950)</b>	<b>25 843</b>
<b>Gross profit</b>	<b>4 298</b>	<b>771</b>	<b>-</b>	<b>5 069</b>
<b>EBITDA</b>	<b>1 006</b>	<b>465</b>	<b>-</b>	<b>1 470</b>
<b>Profit (loss)</b>	<b>15</b>	<b>296</b>	<b>-</b>	<b>311</b>

<b>of 31 December 2016</b>	<b>Production of knitted articles</b>	<b>Production of functional-technical garments</b>	<b>Eliminations</b>	<b>Total</b>
External sales	19 763	3 027	-	22 790
Internal sales	524	5	(529)	-
<b>Total revenue</b>	<b>20 287</b>	<b>3 032</b>	<b>(529)</b>	<b>22 790</b>
<b>Gross profit</b>	<b>4 012</b>	<b>758</b>	<b>-</b>	<b>4 770</b>
<b>EBITDA</b>	<b>1 706</b>	<b>499</b>	<b>-</b>	<b>2 205</b>
<b>Profit (loss)</b>	<b>732</b>	<b>330</b>	<b>-</b>	<b>1 053</b>

## 7. Non-current intangible assets

Amortization expenses of intangible assets are included within general and administrative expenses in profit and loss statement.

## 8. Non-current tangible assets

Depreciation of non-current tangible property amounted to EUR 825 thousand as of 31 December 2017, EUR 632 thousand are included into cost of sales in the Group's Profit (loss) statement. The remaining amounts were included in general and administrative expenses and inventories in the statement of financial position.

As of 31 December 2017 and 31 December 2016 the Companies' and the Group's Non-current assets Buildings group is recognized at fair value.

## 9. Inventories

	Group		Company	
	2017.12.31	2016.12.31	2017.12.31	2016.12.31
Raw materials	2 652	1 759	2 285	1 416
Work in progress	2 460	1 734	2 452	1 724
Finished goods	2 489	1 321	2 460	1 299
Goods for resale	47	52	-	-
	<b>7 648</b>	<b>4 866</b>	<b>7 197</b>	<b>4 439</b>
Write-down to net realisable value:				
Opening balance	(650)	(724)	(326)	(381)
Change	(145)	74	(145)	55
Closing balance	(795)	(650)	(471)	(326)
	<b>6 853</b>	<b>4 216</b>	<b>6 726</b>	<b>4 113</b>

## 10. Trade receivables

	Group		Company	
	2017.12.31	2016.12.31	2017.12.31	2016.12.31
Trade receivables, gross	1 908	1 354	1 611	798
Allowance for trade receivables:				
Opening balance	(115)	(115)	(94)	(94)
Change	(78)	-	(72)	-
Closing balance	(193)	(115)	(166)	(94)
	<b>1 715</b>	<b>1 239</b>	<b>1 445</b>	<b>704</b>

Changes in impairment allowance for doubtful trade receivables as of 31 December 2017 and 31 December 2016 were recorded within the Group's and Company's general and administrative expenses.

## 11. Cash and cash equivalents

	Group		Company	
	2017.12.31	2016.12.31	2017.12.31	2016.12.31
Cash at bank and on hand	675	1 230	205	598
	<b>675</b>	<b>1 230</b>	<b>205</b>	<b>598</b>

## 12. Other reserves and retained earnings (deficit)

### Revaluation surplus

Revaluation surplus reflects the result of the revaluation (net of deferred tax) of the property, plant and equipment.

### Legal reserve

A legal reserve is a compulsory reserve under the Lithuanian legislation. Annual transfers of not less than 5 % of net profit of the Company calculated according to the Lithuanian Company's law, are compulsory until the reserve reaches 10 % of the share capital. Legal reserve is fully formed by the Company. The legal reserve cannot be distributed as dividends but can be used to cover cumulated losses.

### Foreign currency translation reserve

The foreign currency translation reserve represents translation differences arising on consolidation of financial statements of foreign subsidiaries.

### Reserve for acquisition of own shares

In 2015 according to the decision of the shareholders of Šatrija AB the reserve for acquisition of own shares of EUR 300 thousand was formed. In 2017 according to the decision of the shareholders of Šatrija AB the reserve for acquisition of own shares was reduced to EUR 100 thousand.

### Cash flow hedge reserve

The Company's loan with DNB Bankas AB is with floating interest rate that is linked to EURIBOR. On 26 November 2014 the Company signed interest rate swap contract with DNB Bankas AB in order to avoid the interest rate fluctuations. The agreement is valid until 25 November 2019. The fair value of interest rate swap contract used for interest rate risk hedging was EUR 29 thousand as of 31 december 2017 (EUR 52 thousand as of 31 December 2016) and was accounted for under current amounting EUR 10 thousand (EUR 28 thousand as of 31 December 2016) and non-current liabilities amounting EUR 19 thousand (EUR 24 thousand as of 31 December 2016).

### Accumulated retained earnings (losses)

Pursuant to the provisions of the Law on Limited Liability Companies of the Republic of Lithuania, if the total of retained earnings at the beginning of the financial year and net profit (loss) for the year is negative, the General Shareholders' Meeting has to make a decision to cover these losses. Transfers to distributable results should be made in the following sequence:

transfer from reserves not used in the reporting financial year;  
transfer from the compulsory legal reserve;  
transfer from the share premium.

At the date of these financial statements the Company was not informed about any actions of the shareholders of the Co. regarding retained deficit.

The balances of other reserves as of 30 September 2017 and 31 December 2016 were as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2017.12.31</b>	<b>2016.12.31</b>	<b>2017.12.31</b>	<b>2016.12.31</b>
Revaluation surplus	3 107	3 173	1 709	1 751
Legal reserve	574	574	574	574
Reserve for acquisition of own shares	90	269	-	-
Foreign currency translation reserve	175	119	-	-
Cash flow hedge reserve	(21)	(43)	(21)	(43)
Accumulated retained earnings/ (losses)	534	(41)	2 670	355
	<b>4 459</b>	<b>4 051</b>	<b>4 932</b>	<b>2 637</b>

### 13. Borrowings

	Group		Company	
	2017.12.31	2016.12.31	2017.12.31	2016.12.31
<b>Current</b>				
Other short term liabilities				
Current portion of non-current bank borrowings	-	-	200	-
	860	738	860	738
	<b>860</b>	<b>738</b>	<b>1 060</b>	<b>738</b>
<b>Non-current</b>				
Borrowings from subsidiaries	-	-	1 061	2 422
Long-term bank borrowings	2 836	3 046	2 836	3 046
	<b>2 836</b>	<b>3 046</b>	<b>3 897</b>	<b>5 468</b>
<b>Total borrowings</b>	<b>3 696</b>	<b>3 784</b>	<b>4 957</b>	<b>6 206</b>

The Company's borrowings from subsidiaries consist of the loan granted by subsidiary Satrija AB, amounting EUR 1 061 thousand with maturity as at 26 November 2019 and variable interest rate 12 month Euribor + 1.9 %.

As at 31 December 2017 and at 31 December 2016 the bank borrowings were secured by property plant and equipment.

On 22 March 2016 the Company has signed the amendment with DNB Bankas AB, based on which the additionally granted amount of the loan was decreased to EUR 423 thousand and the interest rate determination principle was changed.

Agreements signed on 12 April 2017:

Agreement with DNB bank to increase loan up to EUR 4 250 thousand (additional amount of EUR 650 thousand with termination on 31 March 2022).

Agreement with DNB bank regarding credit line up to EUR 500 thousand for the term of one year.

On 1 June 2017 a zero balance service agreement was signed between AB DNB Bankas, AB Utenos Trikotažas and AB Šatrija. Under this contract, on 31 December 2017, AB "Utenos trikotažas" was owed EUR 200 thousand to AB Šatrija.

The interest rate for the borrowings is based on variable interest rate, therefore, in the opinion of management, the carrying amount of borrowings approximates their fair value.

### 14. Accrued expenses and other current liabilities

	Group		Company	
	2017.12.31	2016.12.31	2017.12.31	2016.12.31
Accrual for vacation reserve	1 048	849	655	513
Wages, salaries and social security	679	577	528	461
Amounts payable for services and non-current assets	329	228	319	226
Taxes payable, except for income tax	203	150	146	128
Prepayments received	154	141	136	116
Other liabilities	341	225	82	130
	<b>2 754</b>	<b>2 170</b>	<b>1 866</b>	<b>1 574</b>

**15. Revenue**

	Group			Company		
	2017	2016	Change	2017	2016	Change
Revenue (EUR '000)	12M	12M	%	12M	12M	%
Products manufactured on demand of other clients	19 146	16 776	14,1	19 146	16 776	14,1
Own brands (ABOUT, UTENOS)	3 525	2 987	18,0	3 410	2 846	19,8
Services of functional-technical garments manufacture	3 172	3 027	4,8	-	-	-
	<b>25 843</b>	<b>22 790</b>	<b>13,4</b>	<b>22 556</b>	<b>19 622</b>	<b>15,0</b>

	Group			Company		
	2017	2016	Change	2017	2016	Change
Revenue (EUR '000)	IV Q	IV Q	%	IV Q	IV Q	%
Products manufactured on demand of other clients	5 661	4 403	28,6	5 661	4 403	28,6
Own brands (ABOUT, UTENOS)	943	879	7,3	926	842	10,0
Services of functional-technical garments manufacture	748	806	(7,2)	-	-	-
	<b>7 352</b>	<b>6 088</b>	<b>20,8</b>	<b>6 587</b>	<b>5 245</b>	<b>25,6</b>

**16. Cost of sales**

Group	January- December		October- December	
	2017	2016	2017	2016
Wages and salaries and social security	9 186	7 609	2 424	1 855
Materials	7 828	6 730	2 471	1 141
Other overhead expenses	3 128	3 052	941	1 497
Depreciation and amortisation	632	629	161	125
	<b>20 774</b>	<b>18 020</b>	<b>5 997</b>	<b>4 618</b>

Company	January- December		October- December	
	2017	2016	2017	2016
Wages and salaries and social security	6 935	5 647	1 816	1 227
Materials	7 495	6 491	2 476	1 456
Other overhead expenses	3 699	3 498	1 074	1 309
Depreciation and amortisation	477	480	120	81
	<b>18 606</b>	<b>16 116</b>	<b>5 486</b>	<b>4 073</b>

## 17. Selling general and administrative expenses

### Group

	January- December		October- December	
	2017	2016	2017	2016
<b>Selling expenses</b>				
Wages and salaries and social security	728	574	181	151
Advertising and marketing costs	505	267	112	86
Other selling expenses	777	693	213	160
	<b>2 010</b>	<b>1 534</b>	<b>506</b>	<b>397</b>
<b>General and administrative expenses</b>				
Wages and salaries and social security	910	865	185	211
Communications and consulting services	341	298	76	99
Taxes other than income tax	295	126	193	46
Depreciation and amortization	137	114	29	33
Security	113	105	28	27
Vehicles exploitation expenses	90	68	24	20
Services of financial institutions	54	59	13	14
Premises exploitation expenses	40	36	11	10
Travel expenses	25	32	3	13
Representation expenses	27	16	10	6
Impairment and write-off (reversal) of inventories	145	19	137	39
Other	349	222	97	153
	<b>2 526</b>	<b>1 960</b>	<b>806</b>	<b>675</b>
	<b>4 536</b>	<b>3 494</b>	<b>1 312</b>	<b>1 072</b>

### Company

	January- December		October- December	
	2017	2016	2017	2016
<b>Selling expenses</b>				
Wages and salaries and social security	658	507	164	134
Advertising and marketing costs	500	265	110	84
Other selling expenses	750	667	205	154
	<b>1 908</b>	<b>1 439</b>	<b>479</b>	<b>372</b>
<b>General and administrative expenses</b>				
Wages and salaries and social security	636	649	112	152
Communications and consulting services	278	241	57	96
Taxes other than income tax	285	77	221	33
Depreciation and amortization	88	62	17	19
Security	56	54	14	14
Vehicles exploitation expenses	73	54	21	16
Services of financial institutions	47	54	11	13
Premises exploitation expenses	34	34	10	10
Travel expenses	19	29	3	13
Representation expenses	25	13	8	4
Impairment and write-off (reversal) of inventories	145	39	137	168
Other	170	59	13	(34)
	<b>1 856</b>	<b>1 365</b>	<b>624</b>	<b>504</b>
	<b>3 764</b>	<b>2 804</b>	<b>1 103</b>	<b>876</b>

**18. Other income and expenses**
**Group**

	January- December		October- December	
	2017	2016	2017	2016
Gain from disposal of non-current assets	13	22	-	(1)
Rent income	18	21	5	5
Other income	89	120	22	25
<b>Other income</b>	<b>120</b>	<b>163</b>	<b>27</b>	<b>29</b>
Rent costs	(5)	(13)	-	(5)
Other expenses	(2)	(9)	-	1
<b>Other expenses</b>	<b>(7)</b>	<b>(22)</b>	<b>-</b>	<b>(4)</b>

**Company**

	January- December		October- December	
	2017	2016	2017	2016
Gain from disposal of non-current assets	11	21	-	(1)
Rent income	15	18	4	5
Other income	18	44	3	7
<b>Other income</b>	<b>44</b>	<b>83</b>	<b>7</b>	<b>11</b>
Rent costs	(4)	(11)	(1)	(18)
Other expenses	-	(1)	1	(1)
<b>Other expenses</b>	<b>(4)</b>	<b>(12)</b>	<b>0</b>	<b>(19)</b>

**19. Finance costs, net**
**Group**

	January- December		October- December	
	2017	2016	2017	2016
Foreign exchange gain (loss)	(175)	(79)	(99)	3
Interest expenses	(98)	(118)	(25)	(26)
Interest income	-	-	-	-
Other	10	-	-	-
	<b>(263)</b>	<b>(197)</b>	<b>(124)</b>	<b>(23)</b>

**Company**

	January- December		October- December	
	2017	2016	2017	2016
Foreign exchange gain (loss)	(4)	2	(1)	2
Interest expenses	(137)	(161)	(33)	(38)
Interest income	60	60	16	15
Dividends	2 093	-	1 003	-
Other	11	-	1	-
	<b>2 023</b>	<b>(99)</b>	<b>986</b>	<b>(21)</b>

On 2 May 2017 the sole shareholder of Gotija UAB (AB Utenos trikotazas) decided to pay dividends of EUR 479 thousand. The company's dividend amount was paid in part to cover the Company's liabilities to Gotija UAB (under the

loan agreement - EUR 382 thousand, under the contract of sale - EUR 60 thousand), the remaining part - EUR 37 thousand - by transferring to the Company's bank account.

On 26 April 2017 by decision of the General Meeting of Shareholders of Šatrija, the authorized capital was reduced. AB Utenos Trikotažas was credited receivable amount 611 EUR thousand. On 29 September 2017, after registering the articles of association of the subsidiary, a netting agreement was signed for the reduction of the authorized capital and netting of liabilities in the amount of EUR 611 thousand., including EUR 504 thousand loans and EUR 107 thousand interest.

On 8 December 2017 the shareholders of Šatrija AB (AB Utenos trikotazas) decided to pay dividends of EUR 1 003 thousand. The company's dividend amount was paid to cover the Company's liabilities to Šatrija AB (under the loan agreement - EUR 495 thousand and EUR 7 thousand interest).

## 20. Basic/dilutive earnings per share

Profit (loss) per share reflect the Group's net profit/(loss), divided by the outstanding number of shares. Calculation of the profit/(loss) per share is presented below:

### Group

	January-December		October-December	
	2017	2016	2017	2016
Profit/ (loss) attributable to the equity holders of the Group	201	1 015	(106)	221
Weighted average number of shares in issue (thousand)	9 503	9 503	9 503	9 503
<b>Basic/dilutive earnings per share (in EUR)</b>	<b>0,02</b>	<b>0,11</b>	<b>(0,01)</b>	<b>0,02</b>

## 21. Post balance sheet events

There were no material post balance sheet events, that could make a significant impact for the financial statement of the Group and the Company.