

# APRANGA

## G R O U P

---

APB APRANGA The Consolidated Interim Report and  
Interim Consolidated Financial Statements  
For the Six months period ended 30 June 2018

(UNAUDITED)

## INFORMATION ABOUT COMPANY

---

APB APRANGA, Company's code 121933274, Ukmerges 362, Vilnius

<b>NAME OF THE COMPANY</b>	Apranga APB
<b>LEGAL FORM</b>	Public limited liability company
<b>DATE OF REFISTRATION</b>	1 <sup>st</sup> March 1993
<b>CODE OF COMPANY</b>	121933274
<b>SHARE CAPITAL</b>	EUR 16 034 668.40
<b>ACTUAL OFFICE ADDRESS</b>	Ukmerges 362, LT-14311 Vilnius, Lithuania
<b>REGISTERED OFFICE</b>	Kirtimu 51, LT-02244 Vilnius, Lithuania
<b>NAME OF REGISTER OF LEGAL ENTITIES</b>	Registrij centras VJ, Vilnius branch
<b>TELEPHONE NUMBER</b>	+370 5 239 08 08
<b>FAX NUMBER</b>	+370 5 239 08 00
<b>E-MAIL</b>	<a href="mailto:info@apranga.lt">info@apranga.lt</a>
<b>INTERNET ADRESS</b>	<a href="http://www.aprangagroup.lt">www.aprangagroup.lt</a>
<b>MAIN ACTIVITIES</b>	Retail trade of apparel
<b>AUDITOR</b>	ERNST & YOUNG BALTIC UAB

## TABLE OF CONTENT

---

**APB APRANGA**, Company's code 121933274, Ukmerges 362, Vilnius

### 1 INTERIM CONSOLIDATED REPORT

---

### 2 FINANCIAL STATEMENTS:

---

- 2.1 Statements of comprehensive income
- 2.2 Statements of financial position
- 2.3 Statements of changes in equity
- 2.4 Statements of cash flows

### 3 EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

---

**APB APRANGA**, Company's code 121933274, Ukmerges 362, Vilnius  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018**  
 (all tabular amounts are in EUR thousands unless otherwise stated)

## INTERIM CONSOLIDATED REPORT

### GENERAL INFORMATION

Interim consolidated report is prepared for the period January – June 2018.

Name of the Issuer:	APB Apranga
Legal form:	public limited liability company
Date and place of registration:	1993 03 01 Board of Vilnius City
Code of Enterprise:	121933274
Actual office address:	Ukmerges str. 362, Vilnius, LT-14311, Lithuania
Registered office:	Kirtimu str. 51, Vilnius, LT-02244, Lithuania
Telephone number:	+370 5 2390808
Fax number:	+370 5 2390800
E-mail address:	<a href="mailto:info@apranga.lt">info@apranga.lt</a>
Internet address:	<a href="http://aprangagroup.lt">http://aprangagroup.lt</a>

At 30 June 2018 Apranga Group (hereinafter the Group) consisted of the parent company APB Apranga (hereinafter the Company) and its wholly owned subsidiaries listed below. The principal activity of the Company and its subsidiaries is retail trade of apparel.

Name	Country	Ownership interest in % 30 06 2018	Ownership interest in % 31 12 2017
UAB Apranga LT	Lithuania	100%	100%
UAB Apranga BPB LT	Lithuania	100%	100%
UAB Apranga PLT	Lithuania	100%	100%
UAB Apranga SLT	Lithuania	100%	100%
UAB Apranga MLT	Lithuania	100%	100%
UAB Apranga HLT	Lithuania	100%	100%
UAB Apranga OLT	Lithuania	100%	100%
UAB Apranga Ecom LT	Lithuania	100%	100%
SIA Apranga	Latvia	100%	100%
SIA Apranga LV	Latvia	100%	100%
SIA Apranga BPB LV	Latvia	100%	100%
SIA Apranga PLV	Latvia	100%	100%
SIA Apranga SLV	Latvia	100%	100%
SIA Apranga MLV	Latvia	100%	100%
SIA Apranga Ecom LV	Latvia	100%	100%
OU Apranga <sup>1</sup>	Estonia	100%	100%
OU Apranga Estonia	Estonia	100%	100%
OU Apranga BEE	Estonia	100%	100%
OU Apranga PB Trade	Estonia	100%	100%
OU Apranga ST Retail	Estonia	100%	100%
OU Apranga MDE	Estonia	100%	100%
OU Apranga HEST	Estonia	100%	100%
OU Apranga Ecom EE	Estonia	100%	100%

<sup>1</sup> The Company directly owns 22.37% shares and indirectly through its subsidiary OU Apranga Estonia owns the rest 77.63% of shares.

The ultimate parent company whose financial statements are available for public use is UAB Koncernas MG Baltic. The ultimate controlling individual of the Group is Mr. D. J. Mockus.

### OPERATING HIGHLIGHTS

*The retail turnover* (including VAT) of Apranga Group reached EUR 101.2 million in 1<sup>st</sup> half 2018 or by 2.0% more than in 1<sup>st</sup> half 2017. The highest growth rates were recorded in Estonia (6.5%), when growth rates in Lithuania and Latvia were 0.8% and 1.6% accordingly.

According to EUROSTAT data, the retail trade (except of motor vehicles, motorcycles and fuel) in Baltic States in 6 months 2018 was fastest growing in Lithuania (+4%) and in Latvia (+5%). In Estonia in the same period, retail trade grew slower and was about 2%. In 2<sup>nd</sup> quarter 2018, retail trade growth rates were practically identical to the growth rates of the first half-year (4-5% in Lithuania and Latvia, and 2% in Estonia). European Union (28 countries) retail trade in 1<sup>st</sup> half 2018 increased by 2% (i.e. slightly less than in the corresponding period of 2017, when it grew by almost 3%).

APB APRANGA, Company's code 121933274, Ukmerges 362, Vilnius

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018

(all tabular amounts are in EUR thousands unless otherwise stated)

The retail turnover of the Group's stores in first half of 2018 by countries was as follows (EUR thousand, VAT included):

Country	6 months 2018	6 months 2017	6 months 2016	2018/2017, %	2018/2016, %
Lithuania	58 862	58 393	55 818	0,8%	5,5%
Latvia	23 913	23 533	22 832	1,6%	4,7%
Estonia	18 469	17 347	15 701	6,5%	17,6%
Total:	101 243	99 274	94 352	2,0%	7,3%

The retail turnover of the Group's stores by countries during the second quarter of 2018 was (EUR thousand, VAT included):

Country	Q2 2018	Q2 2017	Q2 2016	2018/2017, %	2018/2016, %
Lithuania	32 025	30 167	29 337	6,2%	9,2%
Latvia	12 604	12 171	11 976	3,6%	5,2%
Estonia	10 055	9 094	8 918	10,6%	12,8%
Total:	54 683	51 431	50 231	6,3%	8,9%

The retail turnover of the Group's stores by chains in first half of 2018 was as follows (EUR thousand, VAT included):

Chain	6 months 2018	6 months 2017	6 months 2016	2018/2017, %	2018/2016, %
Economy <sup>1</sup>	14 064	13 926	13 939	1,0%	0,9%
Youth <sup>2</sup>	20 837	19 087	19 018	9,2%	9,6%
Footwear	3 155	2 922	3 234	8,0%	-2,4%
Business <sup>3</sup>	17 397	17 915	16 392	-2,9%	6,1%
Luxury <sup>4</sup>	10 032	10 692	10 922	-6,2%	-8,1%
Zara	30 815	29 769	26 404	3,5%	16,7%
Outlets	4 943	4 963	4 442	-0,4%	11,3%
Total	101 243	99 274	94 352	2,0%	7,3%

<sup>1</sup> Apranga, Promod, s.Oliver, Tom Tailor, Mexx, Orsay;

<sup>2</sup> Aprangos galerija, Moskito, Mango, Bershka, Pull & Bear, Stradivarius, Desigual, Oysho;

<sup>3</sup> City, Massimo Dutti, Strellson, Marella, Pennyblack, Coccinelle, Tommy Hilfiger, Zara Home, Karen Millen, Calvin Klein Underwear;

<sup>4</sup> Burberry, Emporio Armani, Hugo Boss, Ermenegildo Zegna, MaxMara, Weekend MaxMara, A|X Armani Exchange, Marina Rinaldi, Mados linija, Nude, Sandro, Maje.

In 1st half 2018, Youth and Footwear chain's turnover increased mostly (respectively by 9.2%, and 8.0%). In the two-year period, highest increase was recorded by Zara chain (+16.7%).

During the six months 2018 the Group opened three stores: Orsay and Oysho stores in Akropolis shopping center in Vilnius and Calvin Klein Underwear store in Akropolis shopping center in Klaipeda. During the reporting period, the Group extended and renovated three stores: Apranga and City stores in Panorama shopping center in Vilnius, and Apranga store in Akropolis shopping center in Šiauliai. It was also closed two stores in Latvia.

On 20 April 2018, the Group moved to new office and logistics premises at: Ukmerges g. 362, Vilnius.

The capital expenditure of the retail chain expansion amounted to EUR 2.6 million in first half 2018 (see Note 3 "Investments into non-current assets"). Investments (acquisitions) by segments are disclosed in Note 2 ("Segment information"). The Group is not engaged in activities related to research and experimental development, except to the extent of process improvement. Group uses the latest technology and the latest technology processes that meet environmental standards and help reduce the negative impact on the environment.

The number of stores by countries was as follows:

Country	30 06 2018	30 06 2017	30 06 2016	2018/2017, %	2018/2016, %
Lithuania	110	105	104	4,8%	5,8%
Latvia	44	47	46	-6,4%	-4,3%
Estonia	29	30	28	-3,3%	3,6%
Total:	183	182	178	0,5%	2,8%

APB APRANGA, Company's code 121933274, Ukmerges 362, Vilnius  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018**  
 (all tabular amounts are in EUR thousands unless otherwise stated)

The number of stores by chains was as follows:

Chain	30 06 2018	30 06 2017	30 06 2016	2018/2017, %
Economy	36	34	33	3,0%
Youth	45	46	46	0,0%
Footwear	14	14	15	-6,7%
Business	40	40	37	8,1%
Luxury	27	27	27	0,0%
Zara	12	12	12	0,0%
Outlets	9	9	8	12,5%
<b>Total</b>	<b>183</b>	<b>182</b>	<b>178</b>	<b>2,2%</b>

The total *sales area* operated by the Group has decreased by 0.4% or by 0.3 thousand sq. m. during the year period until 30 June 2018.

The total area of stores by countries was as follows (thousand sq. m):

Country	30 06 2018	30 06 2017	30 06 2016	2018/2017, %
Lithuania	50,1	49,3	48,0	1,6%
Latvia	20,0	20,8	20,2	-4,2%
Estonia	14,3	14,5	13,0	-1,8%
<b>Total:</b>	<b>84,4</b>	<b>84,7</b>	<b>81,1</b>	<b>-0,4%</b>

The results of the first quarter 2018 were especially influenced by two factors:

- due to unusually cold weather in the first quarter of the year, sales of the new season goods were poor, resulting in a reduction in overall sales profitability ratios;
- since the start of the year 2017 the Group's and Inditex (largest Group partner) cooperation business model has changed. The transition to the new model hit the financial results mostly for the first quarters of 2017 and 2018, so increasing the financial results of the first quarter 2017 and decreasing financial results of the first quarter 2018.

The Group has earned EUR 2.7 million of *profit before income tax* in six months 2018, while profit before taxes amounted to EUR 5.2 million in six months of 2017 (the decrease by 48.8%).

In second quarter the profit before income tax increased from EUR 3.0 million in 2017 to EUR 3.9 million in 2018 (+31.5%).

*EBITDA* of the Group was EUR 5.9 million in six months 2018, and it was EUR 8.4 million in corresponding previous year period. EBITDA margin has decreased from 10.4% to 7.1% during the year. The current ratio of the Group was at the level of 2.4 times.

Main Group Indicators	6 months 2018	6 months 2017	6 months 2016
Net sales, EUR thousand	83 237	80 757	75 401
Net sales in foreign markets, EUR thousand	34 987	32 875	30 795
Like-to-like sales, %	0,5%	1,0%	1,2%
Gross profit, EUR thousand	35 208	36 668	33 710
Gross margin, %	42,3%	45,4%	44,7%
Operating profit (loss), EUR thousand	2 668	5 189	4 626
Operating profit margin, %	3,2%	6,4%	6,1%
EBT, EUR thousand	2 653	5 179	4 605
EBT margin, %	3,2%	6,4%	6,1%
Profit (loss) for the period, EUR thousand	2 144	4 272	3 834
Profit for the period margin, %	2,6%	5,3%	5,1%
EBITDA, EUR thousand	5 898	8 428	7 660
EBITDA margin, %	7,1%	10,4%	10,2%
Return on equity (end of the period), %	4,2%	8,7%	8,3%
Return on assets (end of the period), %	3,0%	6,1%	5,8%
Net debt to equity*, %	-3,5%	1,8%	1,0%
Current ratio, times	2,4	2,2	2,4

\* (Interest bearing liabilities less cash) / Equity

APB APRANGA, Company's code 121933274, Ukmerges 362, Vilnius  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018

(all tabular amounts are in EUR thousands unless otherwise stated)

Main Group Indicators	Q2 2018	Q2 2017	Q2 2016
Net sales, EUR thousand	44 920	41 873	40 209
Net sales in foreign markets, EUR thousand	(19 195)	17 142	16 761
Like-to-like sales, %	4,4%	0,0%	2,5%
Gross profit, EUR thousand	21 036	19 806	18 949
Gross margin, %	46,8%	47,3%	47,1%
Operating profit, EUR thousand	3 904	2 969	3 463
Operating profit margin, %	8,7%	7,1%	8,6%
EBT, EUR thousand	3 897	2 964	3 451
EBT margin, %	8,7%	7,1%	8,6%
Profit (loss) for the period, EUR thousand	3 377	2 499	2 970
Profit for the period margin, %	7,5%	6,0%	7,4%
EBITDA, EUR thousand	5 532	4 594	4 998
EBITDA margin, %	12,3%	11,0%	12,4%
Return on equity (end of the period), %	6,6%	5,1%	6,4%
Return on assets (end of the period), %	4,7%	3,6%	4,5%
Net debt to equity*, %	-3,5%	1,8%	1,0%
Current ratio, times	2,4	2,2	2,4

\* (Interest bearing liabilities less cash) / Equity

The *operating expenses* of the Group totaled EUR 32.5 million in 6 months 2018 and increased by 3.4%, comparing to the same period 2017. Thus, operating expenses grew in line with sales, which grew by 3.1%. Total *finance debts* of the Group decreased to EUR 1.3 million at 30 June 2018 (30 June 2017: EUR 2.2 million).

Main Group Indicators	6 months 2018	6 months 2017	Change
Net sales, EUR thousand	83 237	80 757	3,1%
Net sales in foreign markets, EUR thousand	34 987	32 875	6,4%
Gross profit, EUR thousand	35 208	36 668	-4,0%
Operating expenses	(32 540)	(31 479)	3,4%
Operating profit, EUR thousand	2 668	5 189	-48,6%
EBT, EUR thousand	2 653	5 179	-48,8%
Profit for the period, EUR thousand	2 144	4 272	-49,8%
EBITDA, EUR thousand	5 898	8 428	-30,0%

The Group's *level of inventories* during the last 12 months grew by 2.2% to EUR 37.1 million. Company's inventories grew by 2.4%. The Group's inventories grew in proportion to the turnover growth.

The number of employees at 30 June 2018 and the average monthly salary by categories in 1<sup>st</sup> half 2018 were as follows:

	Group	Company	Group	Company
Employee category	Number of employees		Average monthly salary, EUR	
Administration	161	103	1 576	1 763
Stores' personnel	1 932	625	605	651
Logistics	59	59	854	854
Total	2 152	787	683	815

The number of employees during the year till 30 June 2018 in the Group has increased by 33 to 2 152 (+1.6%) and has increased in Company by 11 to 787 (+1.4%). During the second quarter 2018 the number of employees increased by 42 (+2.0%) in the Group, and by 13 (+1.7%) in the Company.

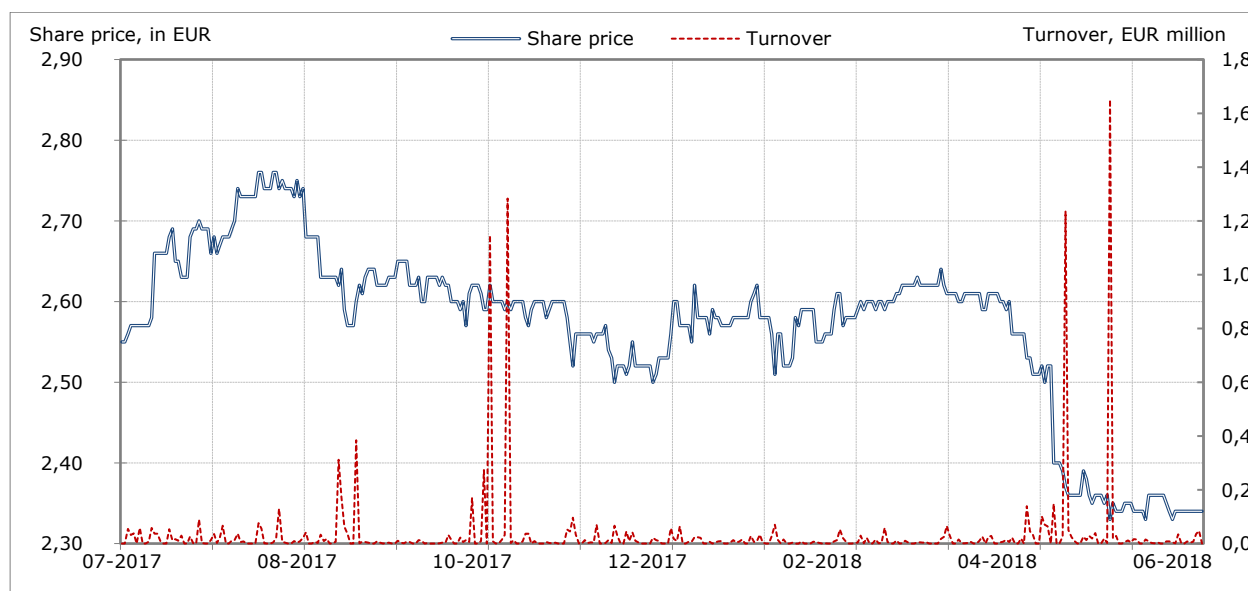
**APB APRANGA**, Company's code 121933274, Ukmerges 362, Vilnius  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018**  
 (all tabular amounts are in EUR thousands unless otherwise stated)

Education of employees by categories on 30 June 2018 was as follows:

Education level	Group	Company
Higher	521	257
Professional	335	120
Secondary	267	111
Primary	47	7
Student	982	292
<b>Total:</b>	<b>2 152</b>	<b>787</b>

The price of the Company share during 6 months 2018 decreased by 7.5% from EUR 2.53 per share to EUR 2.34 per share. The maximum share price during the six months period was EUR 2.64 per share, minimum share price - EUR 2.30 per share. The market capitalization of the Company decreased from EUR 140 million at the beginning of the year to EUR 129 million at the end of June 2018. The weighted average price of 1 share during the reporting period was EUR 2.42. Company's share turnover was EUR 5.2 million in 6 months 2018. The share price during the last 12 months decreased from EUR 2.55 to EUR 2.34 per share, or by 8.2%.

Apranga APB share price in 12 months period from 1<sup>st</sup> July 2017 to 30<sup>th</sup> June 2018:



## OPERATIONAL PLANS

Apranga Group plans to reach EUR 231 million turnover (including VAT) in 2018, or by 3.6% more than actual the year 2017 turnover.

The Group plans to open or reconstruct 10-17 stores during 2018. Investments are planned to amount to about EUR 5-10 million.

## RISK MANAGEMENT

### Financial risk factors

The risk management function within the Group is carried out in respect of financial risks (credit, market, currency, liquidity and interest rate), operational risks and legal risks. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimize operational and legal risks.

The financial risks relate to the following financial instruments: trade receivables, cash and cash equivalents, trade and other payables, bonds and borrowings. The accounting policy with respect to these financial instruments is the same as it was in 2017.



APB APRANGA, Company's code 121933274, Ukmerges 362, Vilnius  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018  
(all tabular amounts are in EUR thousands unless otherwise stated)

#### Credit risk

Credit risk is managed on Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with high credit ratings are accepted. Sales to wholesale customers are rare and immaterial; therefore, risk control only assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Sales to retail customers are settled in cash or using major credit cards.

Company's credit risk arising from trade receivables from subsidiaries and loans to subsidiaries is managed by controlling financial performance of subsidiaries on a monthly basis.

The Company and the Group has no significant concentration of credit risk.

#### Liquidity risk

Liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity reserve (comprises undrawn borrowing facility and cash and cash equivalents) on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the Group in accordance with practice set by the Group. In addition, the Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these; and maintaining debt financing plans.

#### Market risk

##### *Cash flow and fair value interest rate risk*

As the Group has no significant interest-bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates. The Company has loans to subsidiaries with floating interest rates, but the cash flow risk is mitigated by applying the same variable element of interest rate on those loans as the banks are charging the Company.

The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk, but this is not included in sensitivity analysis as the change in interest rates has no impact on profit or equity of the Group.

The Company's and Group's borrowings consist of loans with floating interest rate, which is related to EURIBOR. The Company and the Group did not use any derivative financial instruments in order to control the risk of interest rate changes.

Trade and other receivables and payables are interest-free and have settlement dates within one year.

The Group's cash flow and fair value interest rate risk is periodically monitored by the Group's management. It analyses its interest rate exposure on a dynamic basis taking into consideration refinancing, renewal of existing positions, alternative financing. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Based on the simulations performed, management considers the impact on post-tax profit of a 0.5% shift in interest rates to be not material to the financial statements of the Group and the Company.

##### *Foreign exchange risk*

The Company and the Group has a policy to synchronize the cash flows from expected sales in the future with the expected purchases and other expenses in each foreign currency. Substantially all the Group's payables and receivables are short-term and in addition revenues and expenses in foreign currencies are insignificant (less than 10%) as compared to those in Euro. At the moment the Company and the Group to some extent uses derivative financial instruments in order to control foreign currencies exchange risk. The use of derivative financial instruments is limited to forward foreign currency (US dollar) purchase transactions with maturities of less than 30 days. There were no non-balance-sheet commitments under these transactions at the end of the reporting period.

The Group operates in Lithuania, Latvia and Estonia, and during the reporting period used Euro currency. Since Estonia, Latvia and Lithuania introduced the Euro (respectively, since 1st January 2011, 1st January 2014 and 1st January 2015), so there is no exchange rate fluctuations.

##### *Price risk*

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

APB APRANGA, Company's code 121933274, Ukmerges 362, Vilnius

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018

(all tabular amounts are in EUR thousands unless otherwise stated)

### Capital risk management

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

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

Pursuant to the Lithuanian Law on Companies the authorized share capital of a public limited liability company must be not less than EUR 40 thousand and of a private limited liability company must be not less than EUR 2.5 thousand. In addition, for all entities the shareholders' equity should not be lower than 50 per cent of the company's registered share capital. As at 30 June 2018, the Company and all its Lithuanian subsidiaries complied with these requirements.

Pursuant to the Latvian Commercial Law the authorized share capital of a private limited liability company must be not less than EUR 2.8 thousand. In addition, the losses of the company should not exceed 50 per cent of the company's share capital. As at 30 June 2018, all the Company's Latvian subsidiaries complied with these requirements.

Pursuant to the Estonian Commercial Code the authorized share capital of a private limited liability company must be not less than EUR 2.5 thousand. In addition, the shareholders' equity should not be lower than 50 per cent of the company's share capital. As at 30 June 2018, all the Company's Estonian subsidiaries complied with these requirements.

In addition, the Group should comply with the financial covenants imposed in the agreements with SEB bankas AB and Luminor Bank AB. The Group and the Company followed the covenants as at 30 June 2018.

### SECURITIES

All 55 291 960 ordinary shares of nominal value EUR 0.29 each (ISIN code LT0000102337) that comprise Company's share capital are listed on Baltic equity list on Nasdaq Vilnius Stock Exchange. All Company's shares give equal rights to shareholders.

Each owner of the ordinary registered share has the following property rights:

- 1) To receive part of the company's profit (dividend);
- 2) To receive a part of the assets of the company in liquidation;
- 3) To receive shares without payment if the share capital is increased out of the company's funds, except the cases specified in the Law on Companies.
- 4) To have the pre-emption right to acquire the shares or convertible debenture issued by the company, except in cases when General Shareholder's Meeting pursuant to Law on Companies decides to withdraw the pre-emption right in acquiring the company's issued shares for all shareholders;
- 5) As provided by laws to lend to the company, however the company borrowing from its shareholders has no right to mortgage or pledge its assets to shareholders. When the company borrows from a shareholder, the interest may not be higher than the average interest rate offered by commercial banks of the locality where the lender has his/her place of residence or business, which was in effect on the day of conclusion of the loan agreement. In such a case the company and shareholders are prohibited from negotiating a higher interest rate;
- 6) To receive Company's funds in event the share capital is decreased on purpose to pay Company's funds to shareholders;
- 7) Shareholders have other property rights provided by laws of the Republic of Lithuania.

Each owner of the ordinary registered share has the following non-property rights:

- 1) To attend and vote in General Shareholder's Meetings. One ordinary registered share grants to its owner one vote at the General Shareholders' Meeting. The right to vote at the General Shareholder's Meeting may be withdrawn or restricted in cases established by laws of the Republic of Lithuania, also in cases when share ownership is contested;
- 2) To receive information on the company as provided by Law on Companies;
- 3) To file a claim to the court requesting compensation of damage to company resulting from non-performance or improper performance of the duties of the Manager of the Company or members of the Board of the company which duties have been prescribed by law and these Articles of Association of the company as well as in other cases as may be prescribed by law;
- 4) Other non-property rights prescribed by law.

On 20 April 2018 the Company had 2 611 shareholders. Company's shareholders that control over 5% votes in General Shareholder Meeting were as follows:

Shareholder	Enterprise code	Address	Number of shares	% of total ownership
UAB MG Baltic Investment	123249022	Jasinskio 16B, Vilnius, Lithuania	34 262 189	62,0%
UAB Minvista	110685692	Jasinskio 16, Vilnius, Lithuania	5 442 826	9,8%
Swedbank AS (Estonia) clients	10060701	Liivalaia 8 Tallinn, Estonia	3 800 673	6,9%

APB APRANGA, Company's code 121933274, Ukmerges 362, Vilnius  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018  
(all tabular amounts are in EUR thousands unless otherwise stated)

The Company has concluded the contract with SEB bankas AB on securities account management and the contract for the payment of dividends.

General Shareholders' Meeting has a right to amend the Articles of Association under the qualified majority of votes, which may not be less than 2/3 of all votes the shareholders attending at the Meeting, except for the exceptions specified by Law on Companies.

## CORPORATE GOVERNANCE

The management bodies of the Company are as follows: General Shareholders' Meeting, a collegial management body – Board, and a single-person management body – Manager of the Company.

Competence of *General Shareholders' Meeting* is the same as specified by the Law on Companies.

*The Board*, consisting of six members, is elected by General Shareholders' Meeting for a 4 year term. Company's Board members election and revocation procedure is the same as specified by Law on Companies.

Company's Board activity is conducted by chairman of the Board. The Board elects its chairman from among its members.

The Board continues in office for the period established in the Articles of Association or until a new Board is elected and assumes the office but not longer than until the annual General Shareholders' Meeting during the final year of its term of office.

Board of Company considers and approves:

- 1) The activity strategy of the Company;
- 2) The annual report of the Company;
- 3) The management structure of the Company and the positions of the employees;
- 4) The positions to which employees are recruited by competition;
- 5) Regulations of branches and representative offices of the Company.

The Board adopts the following resolutions:

- 1) Resolutions for the Company to become an incorporator or a member of other legal entities;
- 2) Resolutions to establish branches and representative offices of the Company;
- 3) Resolutions to invest, dispose of or lease the tangible long-term assets the book value whereof exceeds 1/20 of the share capital of the Company (calculated individually for every type of transaction);
- 4) Resolutions to pledge or mortgage the tangible long-term assets the book value whereof exceeds 1/20 of the share capital of the Company (calculated for the total amount of transactions);
- 5) Resolutions to offer surety or guarantee for the discharge of obligations of third persons the amount whereof exceeds 1/20 of the share capital of the Company;
- 6) Resolutions to acquire the tangible long-term assets the price whereof exceeds 1/20 of the share capital of the Company;
- 7) Resolutions to restructure the Company in the cases laid down in the Law on Restructuring of Enterprises;
- 8) Resolutions regarding issuance of debenture of the Company (except issuance of convertible debenture);
- 9) Other resolutions within the competence of the Board as prescribed by the Articles of Association or the resolutions of the General Shareholders' Meeting.

The Board analyses and assesses the documents submitted by the Manager of the Company on:

- 1) The implementation of the activity strategy of the Company;
- 2) The organization of the activities of the Company;
- 3) Financial standing of the Company;
- 4) The results of economic activities, income and cost estimates, the stocktaking data and other accounting data of changes in the assets.

The Board elects and removes from office the Manager of the Company, fixes his/her remuneration and sets other terms of the employment agreement, approves his/her job description, provides incentives and imposes penalties.

The Board analyses and assesses the Company's draft annual financial statement and draft of profit/loss distribution and submits them to the General Shareholders' Meeting together with the annual report of the Company.

The Board is responsible for convening and arrangement of the General Shareholders' Meeting in due time.

Each member of the Board is entitled to initiate convening of the Board meeting. The Board may adopt resolutions and its meeting shall be deemed to have taken place when the meeting is attended by 2/3 or more members of the Board. The resolution of the Board is adopted if more votes for it are received than the votes against it. In the event of a tie, the Chairman of the Board shall have the casting vote. The member of the Board is not entitled to vote when the meeting of the Board discusses the issue related to his/her activities on the Board or the issue of his/her responsibility.

*The Manager of the Company – General Director* - is a single-person management body of the Company. The Manager of the Company acts at his/her own discretion in relation of the Company with other persons.

The Manager of the Company is elected and removed from office by the Board which also fixes his/her salary, approves his/her job description, provides incentives and imposes penalties. The employment agreement is concluded with the Manager of the

**APB APRANGA**, Company's code 121933274, Ukmerges 362, Vilnius  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018**

(all tabular amounts are in EUR thousands unless otherwise stated)

Company and is signed on behalf of the Company by the Chairman of the Board or other person authorized by the Board.

In his/her activities the Manager of the Company complies with laws and other legal acts, Articles of Association, General Shareholders' Meeting resolutions, Board resolutions, his/her job descriptions.

The Manager of the Company acts on behalf of the Company and is entitled to enter into the transactions at his/her own discretion. The Manager of the Company may conclude the following transactions provided that there is a decision of the Board to enter into these transactions: to invest, dispose of or lease the tangible long-term assets the book value whereof exceeds 1/20 of the share capital of the Company (calculated individually for every type of transaction); to pledge or mortgage the tangible long-term assets the book value whereof exceeds 1/20 of the share capital of the Company (calculated for the total amount of transactions); to offer surety or guarantee for the discharge of obligations of third persons the amount whereof exceeds 1/20 of the share capital of the Company; to acquire the tangible long-term assets the price whereof exceeds 1/20 of the share capital of the Company.

The Manager of the Company is responsible for:

- 1) The organization of the Company's activity and implementation of its objectives;
- 2) The drawing up of the annual financial statements and the drafting of the annual report of the Company;
- 3) Concluding an agreement with the firm of auditors;
- 4) Submission of information and documents to the General Shareholders' Meeting and the Board in cases prescribed by Law on Companies or at their request;
- 5) Submission of the documents and data of the Company to manager of the Register of Legal Entities;
- 6) Submission of documents to the Securities Commission and Lithuanian Central Securities Depository;
- 7) Public announcement of information prescribed by Law on Companies in a daily newspaper indicated in Articles of Association;
- 8) Submission of information to shareholders;
- 9) The performance of other duties prescribed by laws as well as in the Articles of Association and the job descriptions of the Manager of the Company.

The Manager of the Company organizes daily activities of the Company, hires and dismisses employees, concludes and terminates employment contracts with them, provides incentives and imposes penalties.

The Manager of the Company is responsible for preparation of the draft share subscription agreement and its data correctness. The Manager of the Company issues authorizations and procuration within the scope of its competence.

The Manager of the Company is accountable and regularly reports to the Board on the implementation of Company's activity strategy, the organization of the Company's activity, the financial standing of the Company, the results of economic activity, the income and cost estimates, the stocktaking data and other accounting data of changes in the assets.

## BOARD OF THE COMPANY

On 27 April 2018 the Annual General Meeting of Company shareholders elected Company's members of the Board for new 4-year term. 27<sup>th</sup> April 2022 is the end term of all Company's members of the Board.



**Darius Mockus**  
Chairman of the Board

Darius Mockus (born in 1965) - Chairman of the Board since 2 May 2002 (member of the Board since 23 March 1995). Education: Vilnius University, Faculty of Economics, Industrial Planning. He has no Company shares. With related companies Minvista UAB (Code of Enterprise: 110685692; Registered office: Jasinskio 16, Vilnius) and MG Baltic Investment UAB (Code of Enterprise: 123249022; Registered office: Jasinskio 16B, Vilnius) he has 39 705 015 shares, representing 71.82% of the share capital and votes.



**Rimantas Perveneckas**  
Member of the Board, General Director

Rimantas Perveneckas (born in 1960) - APB Apranga group General Director, Member of Board of APB Apranga since 23 February 1993, in the Company since 1983. Education: Vilnius University, Faculty of Trade, specialization in Trade Economics. He has 800 770 shares of the Company, representing 1.45% of the share capital and votes.

APB APRANGA, Company's code 121933274, Ukmerges 362, Vilnius  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018

(all tabular amounts are in EUR thousands unless otherwise stated)



**Ilona Šimkūnienė**

Member of the Board, Purchasing Director

Ilona Šimkūnienė (born in 1963) - Apranga group Purchasing Director, Member of Board of APB Apranga since 27 March 1998, in the Company since 1985. Education: Vilnius University, Faculty of Trade, specialization in Trade Economics. She has no Company shares.



**Vidas Lazickas**

Member of the Board

Vidas Lazickas (born in 1965) - Member of Board of APB Apranga since 29 April 2011. Education: Vilnius University, Faculty of Economics, specialization in Production Management and Organization. He has 155 000 shares of the Company, representing 0.28% of the share capital and votes.



**Marijus Strončikas**

Member of the Board

Marijus Strončikas (born in 1974) - Member of Board of APB Apranga since 30 April 2010. Education: Kaunas Technical University, Faculty of Informatics, master of IT Science. He has 4 450 shares of the Company, representing 0.01% of the share capital and votes.



**Ramūnas Gaidamavičius**

Member of the Board, Development Director

Ramūnas Gaidamavičius (born in 1968) - APB Apranga group Development Director, Member of Board of APB Apranga since 30 April 2010, in the Company since 2002. Education: Vilnius University of Technology, Faculty of Mechanics, specialization in Machine Building. He has 5 000 shares of the Company, representing 0.01% of the share capital and votes.

## RELATED PARTY TRANSACTIONS

The Company's transactions with related parties are disclosed in Note 6 to interim consolidated and Company's financial statements.

## COMPLIANCE WITH THE GOVERNANCE CODE

In six months 2018, there were no essential changes related to Apranga APB report for year 2017 concerning the compliance with the Governance Code for the companies listed on the regulated market.

**APB APRANGA**, Company's code 121933274, Ukmerges 362, Vilnius  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018**  
 (all tabular amounts are in EUR thousands unless otherwise stated)

#### PUBLICLY ANNOUNCED INFORMATION

During the period from the start of 2018 to 30<sup>th</sup> June 2018 Company publicly announced and broadcasted through Nasdaq Vilnius stock exchange information distribution system Globe Newswire and own webpage the following information:

Date	Title	Category of announcement
2018-01-02	Apranga Group investor's calendar for the year 2018	Other information
2018-01-03	Turnover of Apranga Group in December 2017 and total year 2017	Investor News
2018-01-23	Apranga Group extends successful collaboration with Inditex	Notification on material event
2018-01-30	Establishment of subsidiary of Apranga APB in Lithuania	Notification on material event
2018-02-01	Turnover of Apranga Group in January 2018	Investor News
2018-02-28	Apranga Group interim information for the twelve months of 2017	Interim information
2018-03-01	Turnover of Apranga Group in February 2018	Investor News
2018-04-03	Turnover of Apranga Group in March 2018 and 1st quarter 2018	Investor News
2018-04-04	Notice of the Annual General Meeting of APB "APRANGA" shareholders	General meeting of shareholders
2018-04-05	Draft resolutions of the Annual General Meeting of APB APRANGA shareholders to be held on April 27th, 2018	Notification on material event
2018-04-27	Resolutions of the Annual General Meeting of Apranga APB shareholders	Notification on material event
2018-04-27	Apranga APB annual information 2017	Annual information
2018-04-27	Apranga Group interim report for three months of 2018	Interim information
2018-05-02	Turnover of Apranga Group in April 2018	Investor News
2018-05-16	Notification on Apranga APB manager's related party transactions	Notifications on transactions concluded by managers of the companies
2018-05-17	Apranga Group opens the first Oysho store in the Baltic States	Investor News
2018-06-01	Turnover of Apranga Group in May 2018	Investor News
2018-06-01	Notification on Apranga APB manager's related party transactions	Notifications on transactions concluded by managers of the companies
2018-06-01	Notification on manager's transactions	Notifications on transactions concluded by managers of the companies

Contents of above mentioned announcements can be obtained on Nasdaq Vilnius Stock Exchange webpage <http://www.nasdaqomxbaltic.com/market/?pg=details&instrument=LT0000102337&list=2&tab=news&lang=en> and on Company's webpage <http://aprangagroup.lt/en/investors/news-and-material-events>.

APB APRANGA, Company's code 121933274, Ukmerges 362, Vilnius

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018

(all tabular amounts are in EUR thousands unless otherwise stated)

## STATEMENTS OF COMPREHENSIVE INCOME

	Note	GROUP		COMPANY	
		6 months 2018	6 months 2017	6 months 2018	6 months 2017
Revenue	3	83 237	80 757	31 780	32 232
Cost of sales		(48 029)	(44 089)	(21 108)	(21 170)
GROSS PROFIT		35 208	36 668	10 672	11 062
Operating expenses		(32 817)	(31 831)	(12 781)	(12 716)
Other income		290	317	10 590	10 232
Net foreign exchange gain (loss)		(13)	35	(13)	36
OPERATING PROFIT (LOSS)		2 668	5 189	8 468	8 614
Finance costs	7	(15)	(10)	(15)	(10)
PROFIT (LOSS) BEFORE INCOME TAX		2 653	5 179	8 453	8 604
Income tax (expense)		(509)	(907)	(76)	(102)
PROFIT (LOSS) FOR THE YEAR	3	2 144	4 272	8 377	8 502
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME		2 144	4 272	8 377	8 502
Total comprehensive income attributable to:		2 144	4 272	8 377	8 502
Owners of the Company		2 144	4 272	8 377	8 502
Non-controlling interests		-	-	-	-
Basic and diluted earnings per share (in EUR)		0,04	0,08	0,15	0,15

	Note	GROUP		COMPANY	
		Q2 2018	Q2 2017	Q2 2018	Q2 2017
Revenue	3	44 920	41 873	16 035	15 873
Cost of sales		(23 884)	(22 067)	(9 862)	(9 967)
GROSS PROFIT		21 036	19 806	6 173	5 906
General and administrative expenses		(17 223)	(17 037)	(6 841)	(7 091)
Other income		110	177	9 494	9 235
Net foreign exchange gain (loss)		(19)	23	(19)	24
OPERATING PROFIT (LOSS)		3 904	2 969	8 807	8 074
Finance costs	7	(7)	(5)	(7)	(5)
PROFIT (LOSS) BEFORE INCOME TAX		3 897	2 964	8 800	8 069
Income tax expense		(520)	(465)	53	(14)
PROFIT (LOSS) FOR THE YEAR	3	3 377	2 499	8 853	8 055
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME		3 377	2 499	8 853	8 055
Total comprehensive income attributable to:		3 377	2 499	8 853	8 055
Owners of the Company		3 377	2 499	8 853	8 055
Non-controlling interests		-	-	-	-
Basic and diluted earnings per share (in EUR)		0,06	0,05	0,16	0,15

APB APRANGA, Company's code 121933274, Ukmerges 362, Vilnius

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018

(all tabular amounts are in EUR thousands unless otherwise stated)

## STATEMENTS OF FINANCIAL POSITION

		GROUP		COMPANY	
ASSETS	Note	30 06 2018	31 12 2017	30 06 2018	31 12 2017
Property, plant and equipment	4	23 785	24 407	15 057	14 551
Intangible assets		210	252	163	204
Investments in subsidiaries	5	-	-	4 863	4 813
Prepayments		637	685	82	68
Trade and other receivables		9	9	9	9
Non-current assets held for sale	6	2 000	-	2 000	-
<b>Total non-current assets</b>		<b>26 641</b>	<b>25 353</b>	<b>22 174</b>	<b>19 645</b>
CURRENT ASSETS					
Inventories		37 113	38 236	21 266	20 180
Available for sale financial assets	6	710	1 598	710	1 598
Prepayments		2 770	1 059	2 102	951
Trade and other receivables		1 356	5 329	9 619	14 625
Cash and cash equivalents		3 050	7 763	1 323	4 799
<b>Total current assets</b>		<b>44 999</b>	<b>53 985</b>	<b>35 020</b>	<b>42 153</b>
Non-current assets held for sale		324	324	324	324
<b>TOTAL ASSETS</b>	<b>3</b>	<b>71 964</b>	<b>79 662</b>	<b>57 518</b>	<b>62 122</b>
EQUITY AND LIABILITIES					
EQUITY	Note	30 06 2018	31 12 2017	30 06 2018	31 12 2017
Ordinary shares		16 035	16 035	16 035	16 035
Legal reserve		1 604	1 604	1 604	1 604
Foreign currency translation reserve		( 53)	( 53)	-	-
Retained earnings		33 757	41 013	28 496	29 519
<b>Total equity</b>		<b>51 343</b>	<b>58 599</b>	<b>46 135</b>	<b>47 158</b>
NON-CURRENT LIABILITIES					
Borrowings	7	950	1 100	950	1 100
Deferred tax liabilities		881	927	247	202
Non-current employee benefits		357	478	357	478
<b>Total non-current liabilities</b>		<b>2 188</b>	<b>2 505</b>	<b>1 554</b>	<b>1 780</b>
CURRENT LIABILITIES					
Borrowings	7	300	300	1 973	5 334
Current income tax liability		494	808	31	588
Trade and other payables		17 639	17 450	7 825	7 262
<b>Total current liabilities</b>		<b>18 433</b>	<b>18 558</b>	<b>9 829</b>	<b>13 184</b>
<b>Total liabilities</b>		<b>20 621</b>	<b>21 063</b>	<b>11 383</b>	<b>14 964</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>71 964</b>	<b>79 662</b>	<b>57 518</b>	<b>62 122</b>



APB APRANGA, Company's code 121933274, Ukmerges 362, Vilnius  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018**  
 (all tabular amounts are in EUR thousands unless otherwise stated)

## STATEMENTS OF CHANGES IN EQUITY

GROUP	Note	Share capital	Legal reserve	Translation reserve	Retained earnings	Total
Balance at 1 January 2017		16 035	1 604	( 53)	35 985	53 571
<b>Comprehensive income:</b>						
Profit for the 6 months 2017	3				4 272	4 272
<b>Transactions with owners:</b>						
Dividends paid					(9 400)	(9 400)
Balance at 30 June 2017		16 035	1 604	( 53)	30 857	48 443
Balance at 1 January 2018		16 035	1 604	( 53)	41 013	58 599
<b>Comprehensive income:</b>						
Profit for the 6 months 2018	3				2 144	2 144
<b>Transactions with owners:</b>						
Dividends paid	10				(9 400)	(9 400)
Balance at 30 June 2018		16 035	1 604	( 53)	33 757	51 343

COMPANY		Share capital	Legal reserve	Retained earnings	Total
Balance at 1 January 2017		16 035	1 604	25 073	42 712
<b>Comprehensive income:</b>					
Profit for the 6 months 2017				8 502	8 502
<b>Transactions with owners:</b>					
Dividends paid				(9 400)	(9 400)
Balance at 30 June 2017		16 035	1 604	24 175	41 814
Balance at 1 January 2018		16 035	1 604	29 519	47 158
<b>Comprehensive income:</b>					
Profit for the 6 months 2018				8 377	8 377
<b>Transactions with owners:</b>					
Dividends paid	10			(9 400)	(9 400)
Balance at 30 June 2018		16 035	1 604	28 496	46 135

APB APRANGA, Company's code 121933274, Ukmerges 362, Vilnius  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018**  
 (all tabular amounts are in EUR thousands unless otherwise stated)

## STATEMENTS OF CASH FLOW

OPERATING ACTIVITIES	Note	GROUP		COMPANY	
		6 months 2018	6 months 2017	6 months 2018	6 months 2017
Profit (loss) before income taxes		2 653	5 179	8 453	8 604
<b>ADJUSTMENTS FOR:</b>					
Depreciation and amortization		3 230	3 239	1 441	1 431
Impairment charge (reverse)		( 21)	( 19)	-	( 19)
Change in allowances for slow-moving inventories		347	298	377	317
(Gain) Loss on disposal of property, plant and equipment		-	( 3)	-	( 3)
Write-off of property, plant and equipment		43	20	39	7
Dividends income		-	-	(8 200)	(8 050)
Interest income, net of interest expenses		( 4)	( 18)	( 16)	( 55)
<b>Total</b>		<b>6 248</b>	<b>8 696</b>	<b>2 094</b>	<b>2 232</b>
<b>CHANGES IN OPERATING ASSETS AND LIABILITIES:</b>					
Decrease (increase) in inventories		776	(1 149)	(1 463)	(1 649)
Decrease (increase) in receivables		2 565	( 815)	5 451	( 649)
Increase (decrease) in payables		68	617	442	( 584)
<b>Cash generated from operations</b>		<b>9 657</b>	<b>7 349</b>	<b>6 524</b>	<b>( 650)</b>
Income taxes paid		( 869)	( 370)	( 588)	( 76)
Interest paid	<b>7</b>	( 15)	( 10)	( 15)	( 10)
<b>Net cash from operating activities</b>		<b>8 773</b>	<b>6 969</b>	<b>5 921</b>	<b>( 736)</b>
<b>INVESTING ACTIVITIES</b>					
Interest received		19	28	31	65
Dividends received		-	-	8 200	8 050
Loans granted		(27 500)	(13 000)	(13 025)	(19 181)
Loans repayments received		27 200	13 000	11 370	17 761
Purchases of property, plant and equipment and intangible assets	<b>4</b>	(2 793)	(5 117)	(1 948)	(1 037)
Proceeds on disposal of property, plant and equipment		205	1 074	3	3
Purchases of available-for-sale financial assets	<b>6</b>	(2 000)	-	(2 000)	-
Proceeds on disposal of available-for-sale financial assets	<b>6</b>	933	-	933	-
Investment in subsidiaries	<b>5</b>	-	-	( 50)	-
<b>Net cash used in investing activities</b>		<b>(3 936)</b>	<b>(4 015)</b>	<b>3 514</b>	<b>5 661</b>
<b>FINANCING ACTIVITIES</b>					
Dividends paid	<b>10</b>	(9 400)	(8 847)	(9 400)	(8 847)
Proceeds from borrowings	<b>7</b>	-	3 232	21 036	25 776
Repayments of borrowings	<b>7</b>	( 150)	(3 200)	(24 547)	(26 784)
<b>Net cash from financing activities</b>		<b>(9 550)</b>	<b>(8 815)</b>	<b>(12 911)</b>	<b>(9 855)</b>
<b>NET INCREASE (DECREASE) IN CASH AND BANK OVERDRAFTS</b>		<b>(4 713)</b>	<b>(5 861)</b>	<b>(3 476)</b>	<b>(4 930)</b>
<b>CASH AND BANK OVERDRAFTS:</b>					
AT THE BEGINNING OF THE PERIOD		7 763	4 976	4 799	3 055
<b>AT THE END OF THE PERIOD</b>		<b>3 050</b>	<b>( 885)</b>	<b>1 323</b>	<b>(1 875)</b>

APB APRANGA, Company's code 121933274, Ukmerges 362, Vilnius

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018

(all tabular amounts are in EUR thousands unless otherwise stated)

## NOTES TO INTERIM FINANCIAL STATEMENTS

### 1. General information

APB Apranga, (hereinafter "the Company"), was incorporated and commenced its operations in March 1993. The Company's main office is situated in Ukmerges 362, Vilnius, Lithuania. The Company has legal form of public limited liability company under the Law on Companies of Republic of Lithuania. The principal activity of the Company and its subsidiaries (hereinafter "the Group") is retail trade of apparel. At 30 June 2018 the Group consisted of the Company and 23 subsidiaries:

### 2. Basis of preparation and summary of main accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU. The principle accounting policies applied in the preparation of Interim financial statements are the same to those applied in preparation of the Annual financial statements.

The financial statements for the period ended 30 June 2018 are not audited.

In the financial statements all figures are presented in thousands of euro, unless indicated otherwise.

### 3. Segment information

Management has determined the operating segments based on the reports reviewed by the General Director and other 6 Directors (responsible for managing, sales and marketing, human resources, purchases, development and finance) that are used to make strategic decisions.

All financial information, including the measure of profit and total assets, is analyzed on a country basis. The segment information provided to the Directors for the reportable segments for the 6 months 2018 is as follows:

6 months 2018	Lithuania	Latvia	Estonia	Total	Inter- company elimina- tions	Total in consolidated financial statements
Total segment revenue	54 836	20 045	15 694	90 575	-	
Inter-segment revenue	(6 586)	( 448)	( 304)	(7 338)	-	
Revenue from external customers	48 250	19 597	15 390	83 237	-	83 237
Gross margin	41,5%	43,2%	43,6%	42,3%		42,3%
Profit (loss) for the year	1 379	603	162	2 144	-	2 144
Total assets	62 308	10 609	9 489	82 406	(10 442)	71 964
Additions to non-current assets (other than financial instruments and prepayments for leases)	2 497	161	135	2 793	-	2 793

6 months 2017	Lithuania	Latvia	Estonia	Total	Inter- company elimina- tions	Total in consolidated financial statements
Total segment revenue	54 097	19 300	14 559	87 956	-	
Inter-segment revenue	(6 215)	( 532)	( 452)	(7 199)	-	
Revenue from external customers	47 882	18 768	14 107	80 757	-	80 757
Gross margin	43,6%	47,8%	48,3%	45,4%		45,4%
Profit (loss) for the year	2 702	1 053	517	4 272	-	4 272
Total assets	63 938	12 003	12 711	88 652	(18 312)	70 340
Additions to non-current assets (other than financial instruments and prepayments for leases)	2 915	540	1 662	5 117	-	5 117

APB APRANGA, Company's code 121933274, Ukmerges 362, Vilnius

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018

(all tabular amounts are in EUR thousands unless otherwise stated)

#### 4. Investments into non-current assets

Net investments of the Group amounted to EUR 2.6 million in 6 months 2018. The Company's investments have reached EUR 2.0 million, daughter companies – EUR 0.6 million.

#### 5. Investments into subsidiaries

In January 2018, the Company established a subsidiary UAB Apranga OLT, which operates Oysho stores in Lithuania. The share capital of the subsidiary is EUR 50 thousand. All shares have been fully paid in cash. The Company controls 100% of the subsidiary's capital and voting rights.

#### 6. Investments into financial assets

In March 2018, the Company for EUR 0.9 million sold the part of Lithuanian Government issued long-term bonds, which in balance sheet are recorded as Available for sale financial assets. Total investments in the Lithuanian Government issued the long-term bonds amounted to EUR 0.7 million on 30 June 2018.

In June 2018, the Company for EUR 2.0 million acquired shares of the investment company UAB LIM Verslo Trikampio NT Fondas. The investment in Statements of financial position is recorded as Non-current assets held for sale.

#### 7. Borrowings

In August and November 2017, the Company and SEB bank signed the amendments to the previously concluded credit line agreement. According to these amendments, the earlier credit line of EUR 20 500 thousand was reduced to EUR 20 000 thousand, and together a new long-term EUR 1 500 thousand business credit was issued. Credit repayment terms, respectively, 30 November 2019 and 23 August 2022. The interests are paid for the amount used, and the interest rate is calculated as 1-3 months EURIBOR plus margin. There is fixed interest rate set for amount used for the issuance of guarantees and letters of credit.

In June 2017, the Company and NORDEA bank have signed the amendment to the overdraft facility and general agreement on bank's guarantees. Under this amendment, the Group granted overdraft amount increased to EUR 10 000 thousand and its limit extended until 30 June 2019. For the drawdown amount of the overdraft a floating interest rate calculated as the EONIA plus margin is being paid. There is fixed interest rate set for amount used for the issuance of guarantees.

#### 8. Related party transactions

The Company's and the Group's transactions with related parties and balances arising from these transactions as of 30 June 2018 were as follows:

Related parties	Accounts payable		Accounts receivable and loans granted		Income received		Purchases	
	6 months 2018	6 months 2017	6 months 2018	6 months 2017	6 months 2018	6 months 2017	6 months 2018	6 months 2017
UAB Koncernas MG Baltic (the ultimate parent company)	21	13	-	-	-	-	85	59
<b>As per ultimate parent company associated companies:</b>								
UAB Mineraliniai vandenys	-	1	-	-	-	-	7	5
UAB MG Baltic Investment	5	29	-	-	-	-	26	86
UAB MG Valda	-	5	-	-	-	-	-	24
UAB Palangos Varūna	-	-	225	211	-	-	-	-
LNK Group	-	-	6	1	7	2	6	6
UAB Mediafon Mobi	-	7	-	-	-	-	-	20
UAB MGVIT	-	-	-	-	-	-	-	2
<b>Total</b>	<b>26</b>	<b>55</b>	<b>231</b>	<b>212</b>	<b>7</b>	<b>2</b>	<b>124</b>	<b>202</b>

Prevailing types of related party contracts are rent, management service fee, advertising, centralized services (telecommunications, utilities etc.).

APB APRANGA, Company's code 121933274, Ukmerges 362, Vilnius

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018

(all tabular amounts are in EUR thousands unless otherwise stated)

The Company's transactions with subsidiaries and balances arising from these transactions as of 30 June 2018 were as follows:

Subsidiaries	Borrowings and accounts payable		Loans and accounts receivable		Income received		Purchases	
	6 months 2018	6 months 2017	6 months 2018	6 months 2017	6 months 2018	6 months 2017	6 months 2018	6 months 2017
UAB Apranga LT	658	2 403	43	27	3 477	3 365	42	42
UAB Apranga BPB LT	(1)	-	260	142	494	575	11	15
UAB Apranga PLT	-	-	106	342	170	54	4	9
UAB Apranga SLT	-	9	55	90	357	191	4	15
UAB Apranga MLT	(1)	-	330	295	924	908	16	12
UAB Apranga HLT	-	-	365	495	34	28	1	-
UAB Apranga OLT	-	-	256	-	8	-	-	-
UAB Apranga Ecom LT	-	-	-	2	-	-	-	-
SIA Apranga	-	-	3 274	4 340	4 896	4 292	50	69
SIA Apranga LV	397	1 145	25	19	1 744	1 604	21	22
SIA Apranga BPB LV	20	31	5	3	130	124	1	2
SIA Apranga PLV	90	82	7	5	184	225	-	-
SIA Apranga SLV	81	66	1	-	61	28	1	2
SIA Apranga MLV	151	-	3	20	361	448	8	4
SIA Apranga Ecom LV	-	-	6	-	1	-	-	-
OU Apranga	-	-	2 872	4 437	2 416	2 600	41	9
OU Apranga Estonia	-	1 431	472	818	1 037	995	23	22
OU Apranga BEE	-	284	125	80	29	92	2	2
OU Apranga PB Trade	277	447	4	164	184	179	1	5
OU Apranga ST Retail	-	3	154	401	23	91	2	3
OU Apranga MDE	-	53	36	85	288	121	6	3
OU Apranga HEST	-	-	280	453	19	17	-	-
OU Apranga Ecom EE	-	-	-	2	-	-	-	-
<b>Total</b>	<b>1 672</b>	<b>5 954</b>	<b>8 679</b>	<b>12 220</b>	<b>16 837</b>	<b>15 937</b>	<b>234</b>	<b>236</b>

Prevailing types of intra-group transactions are centralized supplies of goods for resale, management service fees, centralized purchasing of services (telecommunications, IT, utilities and etc.), financing, and distribution of earnings. Dividend income in amount of EUR 8 200 thousand received from the subsidiaries in six months 2018 is presented in 'Income received' together with other income (2017: EUR 8 050 thousand).

## 9. Guarantees and letters of credit

As of 30 June 2018 guarantees issued by the credit institutions on behalf of the Company to secure the obligations of its subsidiaries to their suppliers totaled EUR 14 734 thousand (31 December 2017: EUR 14 520 thousand). The letters of credit and guarantees provided to suppliers by the credit institutions on behalf of the Group as of 30 June 2018 amounted to EUR 16 404 thousand (31 December 2017: EUR 16 436 thousand).

As of 30 June 2018 the Company's guarantees issued to secure the obligations of its subsidiaries to their suppliers totaled EUR 747 thousand (31 December 2017: EUR 747 thousand).

## 10. Profit distribution

The Annual shareholders meeting of APB Apranga held on 27 April 2018 has resolved to pay EUR 9 400 thousand in dividends and to pay EUR 180 thousand as annual bonuses for the year 2017.