

APRANGA

G R O U P

APB APRANGA The Consolidated Interim Report and
Interim Consolidated Financial Statements
For the Twelve months period ended 31 December 2018

(UNAUDITED)

INFORMATION ABOUT COMPANY

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

NAME OF THE COMPANY	Apranga APB
LEGAL FORM	Public limited liability company
DATE OF REGISTRATION	1 st March 1993
CODE OF COMPANY	121933274
SHARE CAPITAL	EUR 16 034 668.40
REGISTERED OFFICE	Ukmerges 362, LT-14311 Vilnius, Lithuania
NAME OF REGISTER OF LEGAL ENTITIES	Registru centras VJ, Vilnius branch
TELEPHONE NUMBER	+370 5 239 08 08
FAX NUMBER	+370 5 239 08 00
E-MAIL	info@apranga.lt
INTERNET ADDRESS	www.aprangagroup.com
MAIN ACTIVITIES	Retail trade of apparel
AUDITOR	ERNST & YOUNG BALTIC UAB

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ACTIVITY REPORT

The retail turnover (including VAT) of Apranga Group reached EUR 226.6 million in 12 months 2018 or by 1.7% more than in the same period of 2017. The highest growth rate was recorded in Lithuania (+2.4%), when growth rate in Estonia was 2.0%, and the turnover in Latvia decreased by 0.3%.

According to EUROSTAT data, the retail trade (except of motor vehicles, motorcycles and fuel) in Baltic States in 12 months 2018 was fastest growing in Lithuania (+5%) and in Latvia (+4%). In Estonia in the same period, retail trade grew much slower and was about 2%. The growth rates in the fourth quarter was high in all countries, reaching 4-6%. European Union (28 countries) retail trade in 2018 in all quarters (as in 2017) grew very steady by about 2%.

The retail turnover of the Group's stores in 12 months of 2018 by countries was as follows (EUR thousand, VAT included):

Country	12 months 2018	12 months 2017	12 months 2016	2018/2017, %	2018/2016, %
Lithuania	133 811	130 630	126 759	2,4%	5,6%
Latvia	52 671	52 850	51 112	-0,3%	3,1%
Estonia	40 158	39 371	36 324	2,0%	10,6%
Total:	226 640	222 851	214 195	1,7%	5,8%

The retail turnover of the Group's stores by countries during the Q4 2018 was (EUR thousand, VAT included):

Country	Q4 2018	Q4 2017	Q4 2016	2018/2017, %	2018/2016, %
Lithuania	39 977	38 102	36 849	4,9%	8,5%
Latvia	14 516	14 684	13 782	-1,1%	5,3%
Estonia	10 601	10 704	9 765	-1,0%	8,6%
Total:	65 094	63 490	60 396	2,5%	7,8%

The retail turnover of the Group's stores by chains in 12 months of 2018 was as follows (EUR thousand, VAT included):

Chain	12 months 2018	12 months 2017	12 months 2016	2018/2017, %	2018/2016, %
Economy ¹	30 488	31 312	30 754	-2,6%	-0,9%
Youth ²	48 679	44 288	43 793	9,9%	11,2%
Footwear	6 421	6 216	6 500	3,3%	-1,2%
Business ³	39 562	39 781	37 502	-0,6%	5,5%
Luxury ⁴	21 983	23 503	23 886	-6,5%	-8,0%
Zara	68 331	66 816	61 899	2,3%	10,4%
Outlets	11 176	10 935	9 862	2,2%	13,3%
Total	226 640	222 851	214 195	1,7%	5,8%

¹ Apranga, Promod, s.Oliver, Tom Tailor, Orsay;

² Aprangos galerija, Moskito, Mango, Bershka, Pull & Bear, Stradivarius, Desigual, Oysho;

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

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

In January-December 2018, Youth chain turnover increased mostly (+9.9%). In the two-year period, highest increase was recorded by Outlets chain (+13.3%).

In 2014-2018 the dynamics of the number of stores and sales area was as follows:

	31 12 2014	31 12 2015	31 12 2016	31 12 2017	31 12 2018
The number of stores	161	169	183	182	182
Stores area (thousand sq. m.)	73,2	78,6	83,6	84,3	82,6

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In 12 months 2018, Apranga Group opened 8 stores: Orsay, Oysho, Tommy Hilfiger and Calvin Klein Underwear stores in Akropolis shopping center in Vilnius; Tommy Hilfiger and Calvin Klein Underwear stores in Akropolis shopping center in Klaipeda; Sandro and Maje stores in Vilnius Rotušės square. During the reporting period, the Group extended and renovated 6 stores: Apranga and City stores in Panorama shopping center in Vilnius; Apranga store in Akropolis shopping center in Šiauliai; Max Mara, Pull & Bear and Stradivarius stores in Vilnius. It was also closed 8 stores in Lithuania and 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 5.2 million in 12 months 2018 (see Note 4 "Investments into non-current assets"). Investments (acquisitions) by segments are disclosed in Note 3 ("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	31 12 2018	31 12 2017	31 12 2016	2018/2017, %	2018/2016, %
Lithuania	111	107	107	3,7%	3,7%
Latvia	42	46	47	-8,7%	-10,6%
Estonia	29	29	29	0,0%	0,0%
Total:	182	182	183	0,0%	-0,5%

The number of stores by chains was as follows:

Chain	31 12 2018	31 12 2017	31 12 2016	2018/2017, %	2018/2016, %
Economy	32	36	33	-11,1%	-3,0%
Youth	45	44	47	2,3%	-4,3%
Footwear	14	15	15	-6,7%	-6,7%
Business	42	39	40	7,7%	5,0%
Luxury	29	27	27	7,4%	7,4%
Zara	11	12	12	-8,3%	-8,3%
Outlets	9	9	9	0,0%	0,0%
Total	182	182	183	0,0%	-0,5%

The total *sales area* operated by the Group has decreased by 2.0% or by 1.7 thousand sq. m. during the year period until 31 December 2018.

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

Country	31 12 2018	31 12 2017	31 12 2016	2018/2017, %	2018/2016, %
Lithuania	50,1	49,6	49,5	1,0%	1,2%
Latvia	18,2	20,4	20,7	-10,4%	-11,7%
Estonia	14,3	14,3	13,5	0,0%	6,1%
Total:	82,6	84,3	83,6	-2,0%	-1,2%

The results of the 12 months 2018 were especially influenced by several factors:

- due to unusually cold weather in the first quarter of the year and too warm weather in the third quarter, 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 9.4 million of *profit before income tax* in 12 months 2018, while profit before tax amounted to EUR 16.6 million in 12 months of 2017 (the decrease by 43.1%). In 4th quarter the profit before income tax increased from EUR 4.0 million in 2017 to EUR 4.1 million in 2018 (+3.6%).

The decrease in the results of 12 months 2018 was mainly influenced by a one-time sale of buildings, which took place in the third quarter 2017, with a positive influence on the year 2017 results of EUR 3.5 million.

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After the elimination of a one-time sale of buildings, the Group's 12 months 2018 profit before tax decreased by 27.9% from 13.1 to 9.4 million Euro.

EBITDA of the Group was EUR 15.8 million in 12 months 2018, and it was EUR 23.1 million in corresponding previous year period.

After the elimination of a one-time sale of buildings, the Group's EBITDA for 12 months 2018 decreased by 19.2% from 19.6 to 15.8 million Euro. EBITDA margin has decreased from 12.7% to 8.5% during the year (from 10.7% to 8.5% after the elimination of a one-time transaction in 2017).

Main Group Indicators	12 months 2018	12 months 2017	12 months 2016
Net sales	186 789	182 265	172 592
Net sales in foreign markets	76 740	75 157	70 068
Like-to-like sales, %	0,4%	0,5%	1,7%
Gross profit	80 646	81 792	78 203
Gross margin, %	43,2%	44,9%	45,3%
Operating profit	9 449	16 578	13 372
Operating profit margin, %	5,1%	9,1%	7,7%
EBT	9 415	16 555	13 340
EBT margin, %	5,0%	9,1%	7,7%
EBT excluding non-recurring items*	9 415	13 060	13 340
EBT margin excluding non-recurring items*, %	5,0%	7,2%	7,7%
Profit for the period	7 652	13 875	11 160
Profit for the period margin, %	4,1%	7,6%	6,5%
EBITDA	15 813	23 075	19 529
EBITDA margin, %	8,5%	12,7%	11,3%
EBITDA excluding non-recurring items*	15 813	19 580	19 529
EBITDA margin excluding non-recurring items*, %	8,5%	10,7%	11,3%
Return on equity (end of the period), %	13,5%	23,7%	20,8%
Return on assets (end of the period), %	9,6%	17,4%	15,6%
Net debt to equity, %	-10,4%	-10,9%	-9,3%
Current ratio, times	2,7	2,9	2,8

* One-time sale of buildings in Q3 2017, had EUR 3.5 million positive influence on the year 2017 results

Main Group Indicators	Q4 2018	Q4 2017	Q4 2016
Net sales	53 756	52 222	49 090
Net sales in foreign markets	20 800	20 975	18 906
Like-to-like sales, %	0,1%	2,9%	-0,3%
Gross profit	24 872	24 104	23 213
Gross margin, %	46,3%	46,2%	47,3%
Operating profit	4 104	3 961	3 835
Operating profit margin, %	7,6%	7,6%	7,8%
EBT	4 092	3 953	3 828
EBT margin, %	7,6%	7,6%	7,8%
Profit for the period	3 373	3 352	3 242
Profit for the period margin, %	6,3%	6,4%	6,6%
EBITDA	5 619	5 551	5 416
EBITDA margin, %	10,5%	10,6%	11,0%
Return on equity (end of the period), %	5,9%	5,7%	6,1%
Return on assets (end of the period), %	4,2%	4,2%	4,5%
Net debt to equity, %	-10,4%	-10,9%	-9,3%
Current ratio, times	2,7	2,9	2,8

The *operating expenses* of the Group totaled EUR 71.2 million in 12 months 2018 and increased by 3.6%, comparing to the same period 2017 (while net sales grew by 2.5%). Total *finance debts* of the Group decreased to EUR 1.1 million at 31 December 2018 (31 December 2017: EUR 1.4 million).

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Main Group Indicators	12 months 2018	12 months 2017	Change
Net sales	186 789	182 265	2,5%
Net sales in foreign markets	76 740	75 157	2,1%
Gross profit	80 646	81 792	-1,4%
Operating expenses	(71 197)	(68 709)	3,6%
Operating profit	9 449	16 578	-43,0%
EBT	9 415	16 555	-43,1%
EBT excluding non-recurring items*	9 415	13 060	-27,9%
Profit for the period	7 652	13 875	-44,9%
EBITDA	15 813	23 075	-31,5%
EBITDA excluding non-recurring items*	15 813	19 580	-19,2%

* One-time sale of buildings in Q3 2017, had EUR 3.5 million positive influence on the year 2017 results

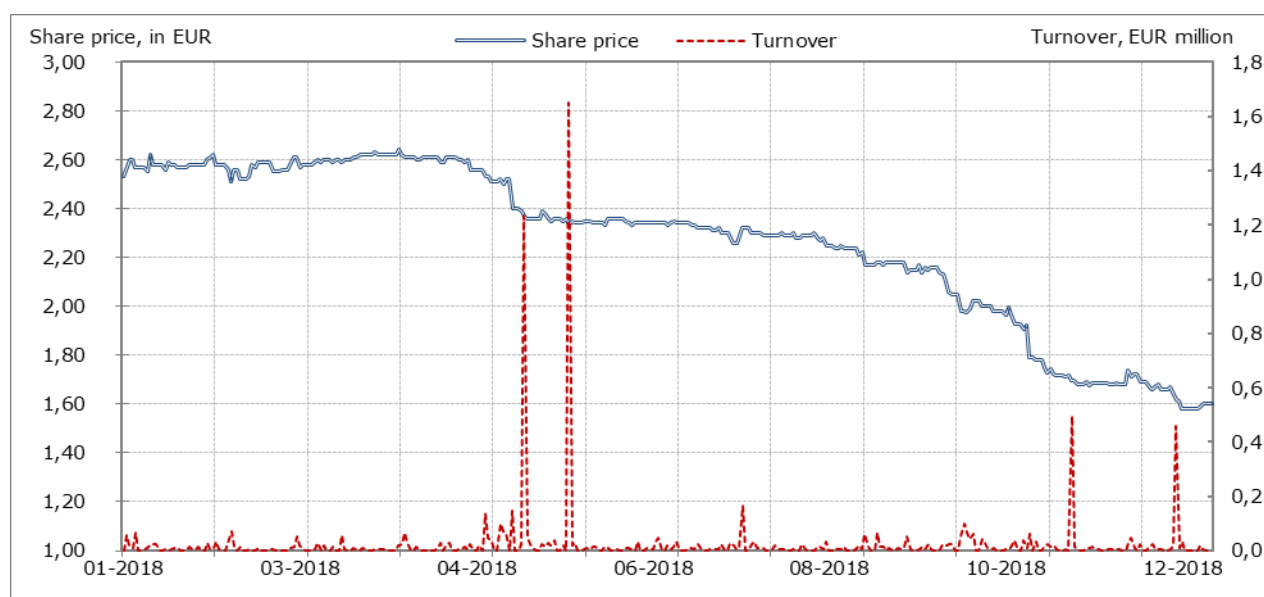
Main Group Indicators	Q4 2018	Q4 2017	Change
Net sales	53 756	52 222	2,9%
Net sales in foreign markets	20 800	20 975	-0,8%
Gross profit	24 872	24 104	3,2%
Operating expenses	(20 768)	(20 143)	3,1%
Operating profit	4 104	3 961	3,6%
EBT	4 092	3 953	3,5%
Profit for the period	3 373	3 352	0,6%
EBITDA	5 619	5 551	1,2%

The Group's level of inventories during the year grew by 6.2% (the increase from EUR 38.2 million to EUR 40.6 million). Company's inventories grew by 8.4% during last 12 months period and amounted to EUR 21.9 million.

The number of employees during the year till 31 December 2018 in the Group has increased by 6 to 2 174 (+0.3%) and has increased in Company by 23 to 806 (+2.9%). During the fourth quarter 2018 the number of employees increased by 1 (+0.1%) in the Group, and by 7 (+0.9%) in the Company.

The price of the Company shares in 12 months 2018 decreased by 36.8% from EUR 2.53 per share to EUR 1.60 per share. The maximum share price for the 12 months period was EUR 2.64 per share, minimum share price - EUR 1.57 per share. The market capitalization of the Company decreased from EUR 140 million at the beginning of the year to EUR 88 million at the end of December 2018. The weighted average price of 1 share during the reporting period was EUR 2.19. Company's share turnover was EUR 8.3 million in 12 months 2018.

Apranga APB share price in 12 months period from 1st January 2018 to 31st December 2018:



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Information about members of the Management board on 31 December 2018:

Name, Surname	Position	Number of shares owned and part in the share capital	Election date	End of term
Darius Juozas Mockus	Chairman of the Board	- -	27 04 2018	27 04 2022
Rimantas Perveneckas	Member of the Board, General Director	800 770 1.45%	27 04 2018	27 04 2022
Ilona Simkuniene	Member of the Board, Purchasing Director	- -	27 04 2018	27 04 2022
Ramunas Gaidamavicius	Member of the Board, Development Director	5 000 0.01%	27 04 2018	27 04 2022
Vidas Lazickas	Member of the Board	175 000 0.32%	27 04 2018	27 04 2022
Marijus Strončikas	Member of the Board	4 450 0.01%	27 04 2018	27 04 2022

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STATEMENTS OF COMPREHENSIVE INCOME

	Note	GROUP		COMPANY	
		12 months 2018	12 months 2017	12 months 2018	12 months 2017
Revenue	3	186 789	182 265	73 209	72 389
Cost of sales		(106 143)	(100 473)	(48 317)	(47 332)
GROSS PROFIT		80 646	81 792	24 892	25 057
Operating expenses		(71 751)	(69 379)	(28 846)	(27 470)
Other income		575	4 124	13 439	16 649
Net foreign exchange gain (loss)		(21)	41	(21)	43
OPERATING PROFIT (LOSS)		9 449	16 578	9 464	14 279
Finance costs	7	(34)	(23)	(34)	(23)
PROFIT (LOSS) BEFORE INCOME TAX		9 415	16 555	9 430	14 256
Income tax (expense)		(1 763)	(2 680)	(235)	(963)
PROFIT (LOSS) FOR THE YEAR	3	7 652	13 875	9 195	13 293
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME		7 652	13 875	9 195	13 293
Total comprehensive income attributable to:		7 652	13 875	9 195	13 293
Owners of the Company		7 652	13 875	9 195	13 293
Non-controlling interests		-	-	-	-
Basic and diluted earnings per share (in EUR)		0,14	0,25	0,17	0,24

	Note	GROUP		COMPANY	
		Q4 2018	Q4 2017	Q4 2018	Q4 2017
Revenue	3	53 756	52 222	21 062	20 058
Cost of sales		(28 884)	(28 118)	(12 638)	(12 140)
GROSS PROFIT		24 872	24 104	8 424	7 918
General and administrative expenses		(20 884)	(20 318)	(8 576)	(8 209)
Other income		120	175	1 423	1 642
Net foreign exchange gain (loss)		(4)	-	(4)	1
OPERATING PROFIT (LOSS)		4 104	3 961	1 267	1 352
Finance costs	7	(12)	(8)	(12)	(8)
PROFIT (LOSS) BEFORE INCOME TAX		4 092	3 953	1 255	1 344
Income tax expense		(719)	(601)	(134)	(208)
PROFIT (LOSS) FOR THE YEAR	3	3 373	3 352	1 121	1 136
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME		3 373	3 352	1 121	1 136
Total comprehensive income attributable to:		3 373	3 352	1 121	1 136
Owners of the Company		3 373	3 352	1 121	1 136
Non-controlling interests		-	-	-	-
Basic and diluted earnings per share (in EUR)		0,06	0,06	0,02	0,02

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STATEMENTS OF FINANCIAL POSITION

ASSETS		GROUP		COMPANY	
ASSETS	Note	31 12 2018	31 12 2017	31 12 2018	31 12 2017
Property, plant and equipment	4	23 257	24 407	15 116	14 551
Intangible assets		208	252	165	204
Investments in subsidiaries	5	-	-	4 913	4 813
Prepayments		691	685	80	68
Trade and other receivables		8	9	8	9
Non-current assets held for sale	6	2 000	-	2 000	-
Total non-current assets		26 164	25 353	22 282	19 645
CURRENT ASSETS					
Inventories		40 616	38 236	21 873	20 180
Available for sale financial assets	6	728	1 598	728	1 598
Prepayments		1 701	1 059	900	951
Trade and other receivables		2 887	5 329	9 768	14 625
Cash and cash equivalents		7 009	7 763	3 119	4 799
Total current assets		52 941	53 985	36 388	42 153
Non-current assets held for sale		324	324	324	324
TOTAL ASSETS	3	79 429	79 662	58 994	62 122
EQUITY AND LIABILITIES					
EQUITY		GROUP		COMPANY	
EQUITY	Note	31 12 2018	31 12 2017	31 12 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	9	39 265	41 013	29 314	29 519
Total equity		56 851	58 599	46 953	47 158
NON-CURRENT LIABILITIES					
Borrowings	7	800	1 100	800	1 100
Deferred tax liabilities		1 489	927	311	202
Non-current employee benefits		552	478	552	478
Total non-current liabilities		2 841	2 505	1 663	1 780
CURRENT LIABILITIES					
Borrowings	7	300	300	2 878	5 334
Current income tax liability		225	808	1	588
Trade and other payables		19 212	17 450	7 499	7 262
Total current liabilities		19 737	18 558	10 378	13 184
Total liabilities		22 578	21 063	12 041	14 964
TOTAL EQUITY AND LIABILITIES		79 429	79 662	58 994	62 122

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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
Comprehensive income:						
Profit for the 12 months 2017	3				13 875	13 875
Transactions with owners:						
Dividends paid					(8 847)	(8 847)
Balance at 31 December 2017		16 035	1 604	(53)	41 013	58 599
Comprehensive income:						
Profit for the 12 months 2018	3				7 652	7 652
Transactions with owners:						
Dividends paid	9				(9 400)	(9 400)
Balance at 31 December 2018		16 035	1 604	(53)	39 265	56 851

COMPANY		Share capital	Legal reserve	Retained earnings	Total
Balance at 1 January 2017		16 035	1 604	25 073	42 712
Comprehensive income:					
Profit for the 12 months 2017				13 293	13 293
Transactions with owners:					
Dividends paid				(8 847)	(8 847)
Balance at 31 December 2017		16 035	1 604	29 519	47 158
Comprehensive income:					
Profit for the 12 months 2018				9 195	9 195
Transactions with owners:					
Dividends paid	9			(9 400)	(9 400)
Balance at 31 December 2018		16 035	1 604	29 314	46 953

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STATEMENTS OF CASH FLOW

OPERATING ACTIVITIES	Note	GROUP		COMPANY	
		12 months 2018	12 months 2017	12 months 2018	12 months 2017
Profit (loss) before income taxes		9 415	16 555	9 430	14 256
ADJUSTMENTS FOR:					
Depreciation and amortization		6 364	6 497	2 959	2 791
Impairment charge (reverse)		13	(176)	33	(151)
Change in allowances for slow-moving inventories		(23)	748	(17)	189
(Gain) Loss on disposal of property, plant and equipment		(9)	(3 506)	(6)	(3 506)
Write-off of property, plant and equipment		50	146	10	99
Dividends income		-	-	(8 200)	(8 050)
Interest income, net of interest expenses		-	(34)	(23)	(93)
Total		15 810	20 230	4 186	5 535
CHANGES IN OPERATING ASSETS AND LIABILITIES:					
Decrease (increase) in inventories		(2 357)	(3 515)	(1 676)	(940)
Decrease (increase) in receivables		1 732	676	4 686	(1 047)
Increase (decrease) in payables		1 836	1 360	311	790
Cash generated from operations		17 021	18 751	7 507	4 338
Income taxes paid		(1 784)	(2 399)	(713)	(611)
Interest paid	7	(34)	(23)	(34)	(23)
Net cash from operating activities		15 203	16 329	6 760	3 704
INVESTING ACTIVITIES					
Interest received		34	64	57	123
Dividends received		-	-	8 200	8 050
Loans granted		(60 400)	(38 250)	(78 121)	(52 622)
Loans repayments received		60 400	38 250	78 270	54 502
Purchases of property, plant and equipment and intangible assets	4	(8 943)	(8 263)	(3 531)	(3 640)
Proceeds on disposal of property, plant and equipment	4	3 719	2 084	9	1 012
Purchases of available-for-sale financial assets	6	(2 000)	-	(2 000)	-
Proceeds on disposal of available-for-sale financial assets	6	933	-	933	-
Investment in subsidiaries	5	-	-	(100)	(15)
Net cash used in investing activities		(6 257)	(6 115)	3 717	7 410
FINANCING ACTIVITIES					
Dividends paid	9	(9 400)	(8 827)	(9 400)	(8 827)
Proceeds from borrowings	7	1 122	8 264	50 180	57 167
Repayments of borrowings	7	(1 422)	(6 864)	(52 937)	(57 710)
Net cash from financing activities		(9 700)	(7 427)	(12 157)	(9 370)
NET INCREASE (DECREASE) IN CASH AND BANK OVERDRAFTS		(754)	2 787	(1 680)	1 744
CASH AND BANK OVERDRAFTS:					
AT THE BEGINNING OF THE PERIOD		7 763	4 976	4 799	3 055
AT THE END OF THE PERIOD		7 009	7 763	3 119	4 799

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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 31 December 2018 the Group consisted of the Company and 24 subsidiaries:

Name	Country	Ownership interest in % 30 09 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 OLV	Latvia	100%	100%
SIA Apranga Ecom LV	Latvia	100%	100%
OU Apranga ¹	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%

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

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 of Nasdaq Vilnius Stock Exchange.

At 31 December 2018, the Company had 2 725 shareholders. Company's shareholders which owned or had under management more than 5% of share capital were:

Shareholder	Enterprise code	Address	Number of shares	% of total ownership
UAB MG Baltic Investment	123249022	Jasinskio 16B, Vilnius, Lithuania	34 442 189	62,3%
UAB Minvista	110685692	Jasinskio 16, Vilnius, Lithuania	5 942 826	10,7%
Swedbank AS (Estonia) clients	10060701	Liivalaia 8 Tallinn, Estonia	3 665 962	6,6%

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

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 31 December 2018 are not audited.

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

APB APRANGA, Company's code 121933274, Ukmerges 362, Vilnius
FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2018
 (all tabular amounts are in EUR thousands unless otherwise stated)

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 12 months 2018 is as follows:

12 months 2018	Lithuania	Latvia	Estonia	Total	Inter- company elimina- tions	Total in consolidated financial statements
Total segment revenue	125 618	43 966	33 908	203 492	-	
Inter-segment revenue	(15 569)	(698)	(436)	(16 703)	-	
Revenue from external customers	110 049	43 268	33 472	186 789	-	186 789
Gross margin	42,5%	43,8%	44,6%	43,2%		43,2%
Profit (loss) for the year	4 752	1 952	948	7 652	-	7 652
Total assets	67 193	13 294	10 084	90 571	(11 142)	79 429
Additions to non-current assets (other than financial instruments and prepayments for leases)	5 657	3 210	195	9 062	(119)	8 943

12 months 2017	Lithuania	Latvia	Estonia	Total	Inter- company elimina- tions	Total in consolidated financial statements
Total segment revenue	122 609	43 636	33 208	199 453	-	
Inter-segment revenue	(15 501)	(912)	(775)	(17 188)	-	
Revenue from external customers	107 108	42 724	32 433	182 265	-	182 265
Gross margin	43,9%	46,1%	46,4%	44,9%		44,9%
Profit (loss) for the year	9 949	2 505	1 421	13 875	-	13 875
Total assets	69 841	13 492	11 313	94 646	(14 984)	79 662
Additions to non-current assets (other than financial instruments and prepayments for leases)	5 910	619	1 874	8 403	(140)	8 263

4. Investments into non-current assets

Net investments of the Group amounted to EUR 5.2 million in 12 months 2018. The Company's investments have reached EUR 3.5 million, daughter companies – EUR 1.7 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.

In August 2018, the Company established a subsidiary SIA Apranga OLV, which will operate Oysho stores in Latvia. 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.

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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 31 December 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 October 2018, the Company and LUMINOR bank have signed the new financial liability limit agreement, which replaced the previous overdraft facility and general agreement on bank's guarantees. Under the new agreement, the financial liability limit is EUR 15 000 thousand, limit expires on 30 June 2020. For the drawdown amount of the overdraft a floating interest rate calculated as the 1-month EURIBOR plus margin is being paid. There is fixed interest rate set for amount used for the issuance of guarantees.

8. Guarantees and letters of credit

As of 31 December 2018, guarantees issued by the credit institutions on behalf of the Company to secure the obligations of its subsidiaries to their suppliers totaled EUR 14 661 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 31 December 2018 amounted to EUR 16 078 thousand (31 December 2017: EUR 16 436 thousand).

As of 31 December 2018, the Company's guarantees issued to secure the obligations of its subsidiaries to their suppliers totaled EUR 761 thousand (31 December 2017: EUR 747 thousand).

9. 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.

10. Turnover and expansion plans in 2019

Apranga Group plans to reach EUR 242.6 million turnover (including VAT) in 2019, or by 7.0% more than actual the year 2018 turnover.

In 2019 Apranga Group plans to renovate or open 35-40 stores. The net investment is planned to be about EUR 12-15 million.

11. Alternative performance measures

With regard to the requirements of the European Securities and Markets Authority (ESMA) Guidelines on Alternative Performance Measures, Apranga APB provides an overview of the Alternative Performance Measures (APM) used, their definition and calculation on Apranga APB website at: <http://aprangagroup.lt/en/investors/investor-relations/alternative-performance-measures>