



**UTENOS TRIKOTAŽAS AB**  
**CONSOLIDATED INTERIM REPORT**  
For 6 months period  
Ended 30 June 2017

## 1. Reporting period covered by the Annual Report

The Annual Report covers the period from 1 January 2017 to 30 June 2017.

All amounts in the Annual Report presented as at 30 June 2017, unless otherwise stated. Further in this report Utenos Trikotažas AB can be referred to as the Company or the Issuer.

## 2. Issuer and its contact data

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	Registrų 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

## 3. Nature of the Issuer's operations

Utenos Trikotažas AB operates in the field of textile industry. The Company's principal activity is production of knit-wear and textile articles.

The Company's profile of activities:

- production of knit-wear and textile articles;
- production of mass-consumption goods which is closely related to principal activities;
- retail and wholesale trade in own production and production of other companies in local and foreign markets;
- rendering of services to natural and legal persons.

## 4. Agreements with intermediaries of securities' public turnover

On 25 September 2005, the Issuer concluded a service agreement with the Department of Safe Custody Services of SEB Vilniaus Bankas AB, address Gedimino pr. 12, LT-01103 Vilnius. Under this agreement the accounting of the Issuer's securities is handled.

On 25 April 2007, the Issuer concluded an agreement with OMX Exchanges Ltd. on the system of service provision, disclosure and communication of information.

## 5. Overview of the company's activities

Utenos Trikotažas is one of the few textile companies in the world that have a complete vertically-integrated production process and are able to offer customers a full range of services, from the creation and production of material according to the needs of the client to the final product for wear. Since the company controls the entire production process, customers can be confident about the safety of the products and their compliance with necessary production standards.

In the first half of 2017 consistent growth for the company – this is the result of long-term, focused work that Utenos Trikotažas strived for in implementing its updated business strategy. In recent years, investments have been made into the development of innovative materials, and the target customer portfolio has been expanded.

The main reasons behind the improved profitability indicators are the significant growth in the scope of activities of the company and the group, the waning impact of the Russian financial crisis, and the increase in production capacity. Growth was achieved in all major sales regions: the German-speaking countries (the DACH-area – Germany, Austria, Switzerland), Scandinavia (Sweden, Norway, Denmark, Finland), Lithuania and elsewhere.

The operating results for 2017 first six month confirmed that orientation to customers working in the higher than average price segment makes sense. By avoiding purely price-based competition, opportunities present themselves to focus on more expensive, environmentally-friendly, clean and sustainable production – this is a global trend that is gaining momentum with production returning to Europe from Asia.

Products from the ABOUT line are currently being sold at more than 100 sales outlets in 17 different countries. Sales of products in first half of 2017 from the ABOUT line compared with the same period of 2016 y increased by 29,7 per cent.

The fact that the company has its own brands makes it possible to optimally utilise its production capacities for the distinct seasonality in the clothing industry; furthermore, sales of the company's own brands are more predictable and manageable.

**Economic factors.** The Company's operations are dependent on state politics, political and economic developments in Lithuania and in the World (which effect Lithuania). The Company and the Group use instruments ensuring that production is sold to reliable customers. The Company's and the Group's policy focuses on maintaining adequate amount of cash and cash equivalents or maintaining funding by keeping adequate credit lines available with the purpose of implementing commitments provided for in their strategic plans.

The Company continues to improve the management system according to EN ISO 9001, EN ISO 14001, SA 8000 and other relevant requirements.

**Social risk factors.** The Company focuses attention on improvement of working conditions, training of personnel, and qualification development.

**Technical and technological risk factors.** The condition of the Company's major facilities is good and does not pose any risk to operations. Utenos Trikotažas AB regularly invests in renovation of facilities and introduction of the latest technologies. In first half of 2017 the Group's investments in new equipment and new technologies amounted to EUR 219,3 thousand.

**Ecological risk factors.** The environment management system meeting the requirements of ISO 14001 has been introduced at the Company. Key environmental strategic objectives include:

- Reduction of environmental pollution through efficient and economical use of raw materials and energy resources;
- Reduction in waste volume, improvement of management of waste and chemical materials, reduction of use of dangerous chemical substances in the production process.

## 6. Key performance indicators of the Group

### Trade

Revenue (EUR '000)	Group			Company		
	2017 I H	2016 I H	Change %	2017 I H	2016 I H	Change %
Products manufactured on demand of other clients	8 373	6 931	20,8	8 364	6 894	21,3
Own brands (ABOUT, UTENOS)	1 513	1 297	16,7	1 465	1 256	16,6
Services of functional-technical garments manufacture	1 659	1 507	10,1	-	-	-
	<b>11 545</b>	<b>9 735</b>	<b>18,6</b>	<b>9 829</b>	<b>8 150</b>	<b>20,6</b>

Revenue (EUR '000)	Group			Company		
	2017 II Q	2016 II Q	Change %	2017 II Q	2016 II Q	Change %
Products manufactured on demand of other clients	4 105	3 361	22,1	4 096	3 343	22,5
Own brands (ABOUT, UTENOS)	720	642	12,1	700	620	12,9
Services of functional-technical garments manufacture	763	769	(0,8)	-	-	-
	<b>5 588</b>	<b>4 772</b>	<b>17,1</b>	<b>4 796</b>	<b>3 963</b>	<b>21,0</b>

Revenue (EUR '000)	Group			Company		
	2017 I H	2016 I H	Change %	2017 II Q	2016 II Q	Change %
AB „Utenos trikotažas“	9 829	8 150	20,6	4 796	3 963	21,0
AB „Šatrija“	1 659	1 508	10,0	763	770	(0,9)
PAT „MTF Mrija“	391	167	134,1	201	87	131,0
UAB „Gotija“	115	98	17,3	66	50	32,0
Elimination of intercompany transactions	(449)	(188)	138,8	(238)	(98)	142,9
	<b>11 545</b>	<b>9 735</b>	<b>18,6</b>	<b>5 588</b>	<b>4 772</b>	<b>17,1</b>

### Sales by regions

Revenue (EUR '000)	Group			Company		
	2017 I H	2016 I H	Change %	2017 I H	2016 I H	Change %
Export	8 763	7 457	17,5	7 907	6 375	24,0
DACH (Germany, Austria, Switzerland)	4 751	4 338	9,5	4 234	3 796	11,5
Scandinavia (Sweden, Norway, Denmark, Finland)	2 978	2 062	44,4	2 746	1 710	60,6
Other regions	1 034	1 057	(2,2)	927	869	6,7
Domestic	2 782	2 278	22,1	1 922	1 775	8,3
	<b>11 545</b>	<b>9 735</b>	<b>18,6</b>	<b>9 829</b>	<b>8 150</b>	<b>20,6</b>

Group

Company

Revenue (EUR '000)	2017 II Q	2016 II Q	Change %	2017 II Q	2016 II Q	Change %
Export	4 389	3 459	26,9	3 897	2 903	34,2
<i>DACH (Germany, Austria, Switzerland)</i>	1 990	1 711	16,3	1 699	1 397	21,6
<i>Scandinavia (Sweden, Norway, Denmark, Finland)</i>	2 108	1 143	84,4	1 967	1 014	94,0
<i>Other regions</i>	291	605	(51,9)	231	492	(53,0)
Domestic	1 199	1 313	(8,7)	899	1 060	(15,2)
	<b>5 588</b>	<b>4 772</b>	<b>17,1</b>	<b>4 796</b>	<b>3 963</b>	<b>21,0</b>

During the first six months of 2017, the company Utenos trikotažas sold products and provided services for EUR 9,8 million. The sales volume, compared with the first half of 2016, grew by 1,7 million or 20,6 per cent. The company's export sales reached 80,4 per cent, in Lithuania sold 19,6 per cent of products.

In first half of 2017 year, the Utenos trikotažas AB group of companies (hereinafter „the Group“) sold products and provided services for EUR 11,5 million. The group exported 75,9 per cent, in Lithuania sold 24,1 per cent of products.

In first half of 2017 year, the Company sold 185,2 thousand knit-wear items in Lithuania totalling to EUR 1,9 million. The sales in Lithuania increased by EUR 147 thousand million 8,3 per cent.

In first half of 2017 year, the Group's sales in Lithuania amounted to EUR 2,8 million, which is more by EUR 0,5 million as compared to 2016 the same period.

In first half of 2017 year, the Company exported 1,2 million knit-wear items totalling to EUR 7,9 million. The Company's exports increased by EUR 1.5 million or 24,0 per cent comparing to 2016 year the same period.

In first half of 2017 year, the Group's exports to Western Europe and other regions amounted to EUR 8,8 million, which is more by EUR 1.3 million compared to 2016 year the same period.

#### Operating figures

	Group			Company		
	2017 I H	2016 I H	Change %	2017 I H	2016 I H	Change %
Manufactured items units	1 486	1 255	16,1	886	779	13,7
Average number of employees	1 097	1 085	1,1	760	746	1,9

	Group			Company		
	2017 II Q	2016 II Q	Change %	2017 II Q	2016 II Q	Change %
Manufactured items units	696	621	12,0	427	378	12,9
Average number of employees	1 105	1 081	2,2	768	742	3,5

#### Production (units '000)

	2017 I H	2016 I H	Change %	2017 II Q	2016 II Q	Change %
Utenos trikotažas AB	886	779	13,7	427	378	12,9
Šatrija AB	69	57	21,1	28	24	16,7
MTF Mrija PAT	531	419	26,7	241	219	9,8
Gotija UAB	-	-	-	-	-	-
	<b>1 486</b>	<b>1 255</b>	<b>18,4</b>	<b>696</b>	<b>621</b>	<b>12,0</b>

**Financial ratios**

	Group			Company		
	2017 I H	2016 I H	Change	2017 I H	2016 I H	Change
Revenue (EUR'000)	11 545	9 735	18,6%	9 829	8 150	20,6%
Operating profit (loss) (EUR'000)	270	285	(5,3%)	(2)	(32)	++
Operating profit (loss) margin (%)	2,3%	2,9%	(0,6p.p)	0,0%	(0,4%)	0,4p.p
EBITDA (EUR'000)	682	677	0,7%	310	266	16,5%
EBITDA margin (%)	5,9%	7,0%	(1,0p.p)	3,2%	3,3%	(0,1p.p)
Profit (loss) before tax (EUR'000)	191	168	13,7%	445	-85	++
Profit (loss) before tax, margin (%)	1,7%	1,7%	(0,1p.p)	4,5%	(1,0%)	5,6p.p
Net profit (loss) for the year (EUR'000)	122	173	(29,5%)	375	(81)	++
Net profit (loss) for the year margin (%)	1,1%	1,8%	(0,7p.p)	3,8%	(1,0%)	4,8p.p
Number of shares, (thousand)	9 503	9 503	-	9 503	9 503	-

	Group			Company		
	2017 II Q	2016 II Q	Change	2017 II Q	2016 II Q	Change
Revenue (EUR'000)	5 588	4 772	17,1%	4 796	3 963	21,0%
Operating profit (loss) (EUR'000)	-27	191	++	(121)	(1)	++
Operating profit (loss) margin (%)	(0,5%)	4,0%	(4,5p.p)	(2,5%)	0,0%	(2,5p.p)
EBITDA (EUR'000)	180	388	(53,6%)	34	149	(77,2%)
EBITDA margin (%)	3,2%	8,1%	(4,9p.p)	0,7%	3,8%	(3,1p.p)
Profit (loss) before tax (EUR'000)	(66)	217	++	347	(31)	++
Profit (loss) before tax, margin (%)	(1,2%)	4,5%	(5,7p.p)	7,2%	(0,8%)	8,0p.p
Net profit (loss) for the year (EUR'000)	(138)	220	++	275	(29)	++
Net profit (loss) for the year margin (%)	(2,5%)	4,6%	(7,1p.p)	5,7%	(0,7%)	6,5p.p
Number of shares, (thousand)	9 503	9 503	-	9 503	9 503	-

**EBITDA ( EUR '000)**

	2017 I H	2016 I H	Change %	2017 II Q	2016 II Q	Change %
Utenos trikotažas AB	738	585	26,3	230	323	(28,6)
Šatrija AB	288	237	21,7	112	145	(22,4)
MTF Mrija PAT "	(355)	(153)	(132,6)	(172)	(83)	(108,3)
Gotija UAB	11	8	37,5	10	3	233,3
	682	677	0,8	180	388	(53,6)

**Relative ratios**

	Group			Company		
	2017 I H	2016 I H	Change p.p.	2017 I H	2016 I H	Change p.p.
Return on capital employed (%)	36,4	16,0	20,4	37,2	6,9	30,3
Return on assets (%)	6,0	2,9	3,0	6,1	1,3	4,8
Return on shareholders' equity (%)	13,6	6,7	6,9	17,8	3,9	13,9
Debt ratio (%)	56,2	56,3	(0,1)	65,7	67,5	(1,8)
Debt-to-equity ratio (%)	128,1	128,7	(0,6)	191,7	207,7	(16,0)
Liquidity ratio (%)	152,2	157,3	(5,1)	137,0	147,1	(10,0)
Equity to assets ratio (%)	43,8	43,7	0,1	34,3	32,5	1,8

**Ratios related with the share price**

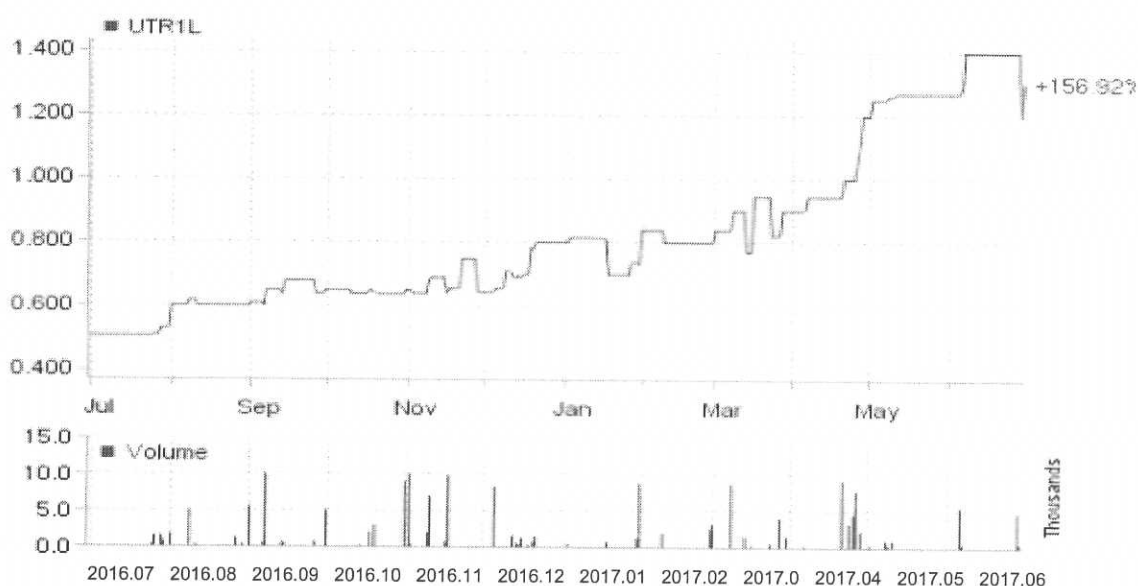
	2017 I H	2016 I H	changes p.p.
P/E	14,73	18,10	(3,37)
EPS	0,10	0,04	0,06
EV/EBITDA	7,69	7,39	0,30

**7. Information about trade in the Issuer's securities in regulated markets**

The Company's shares are listed on the additional List of the National Stock Exchange, as well on the Baltic List of the Lithuanian, Latvian and Estonian stock market. 9 503 000 of ordinary registered shares have been registered for public turnover of securities. A nominal value of one share is EUR 0.29.

**8. Information regarding the price of shares and their dynamics**

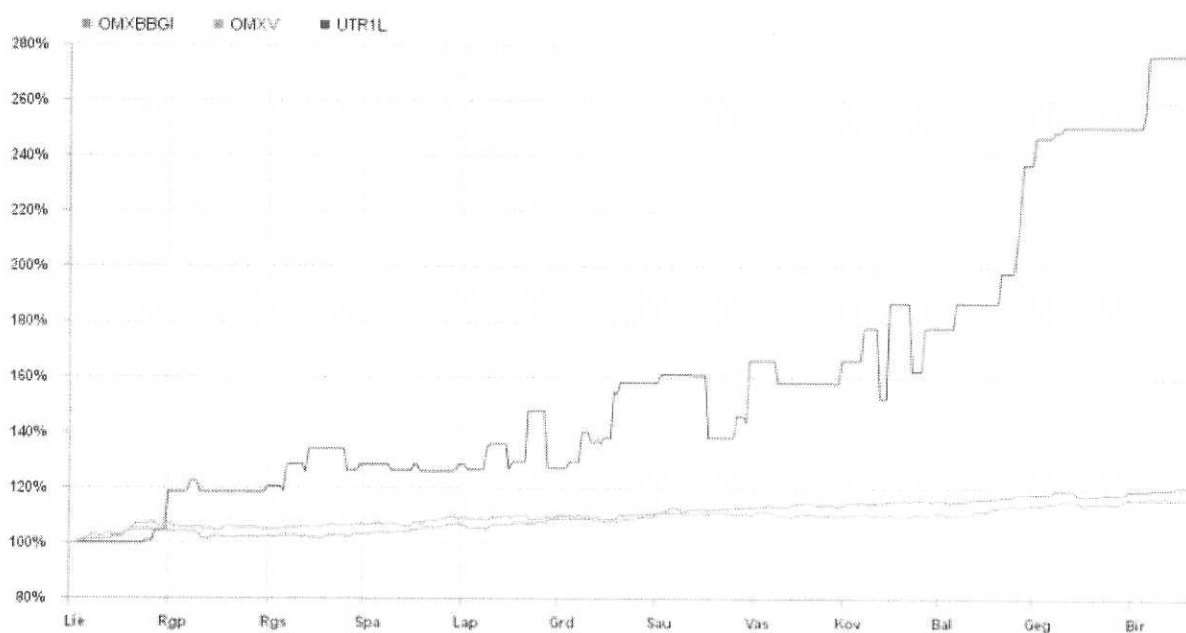
Utenos Trikotažas AB share price dynamics, during 12 months period from 1 July 2016 to 30 June 2017.



**Price ratios**

	2017 I H	2016 I H
Open price, EUR	0,800	0,400
High price, EUR	1,500	0,800
Low price, EUR	0,680	0,351
Last price, EUR	1,490	0,800
Traded volume	88 518	130 110
Turnover, million EUR	0,09	0,08
Capitalisation, million EUR	14,16	7,90

**Utenos Trikotažas AB, OMX Baltic Benchmark GI and OMX Vilnius Index dynamics during 12 months period from 1 July 2016 to 30 June 2017**



Index/ Equity	2017.06.30	2016.06.30	2017.06.30 /2016.06.30 Change, %
—OMX Baltic Benchmark GI	868,84	707,40	22,82↑
—OMX Vilnius	597,07	508,30	17,46↑
—UTR1L	1,300 EUR	0,506 EUR	156,92↑

**9. Dividend policy**

The dividend decision adopted by the General Meeting of Shareholders, based on the proposal of the Board.



## **10. References to and additional explanations of data presented in the financial statements**

All first half year of 2017 and 2016 financial data presented in this Annual Report is calculated based on the financial information presented in the Group's financial statements for the first half 2017, prepared in accordance with the International Financial Reporting Standards as adopted by the EU. These financial statements were audited by the auditor assigned under established procedure.

## **11. Main features of the Group's internal control and risk management systems related to the preparation of the consolidated financial statements**

The consolidated financial statements of Utenos Trikotažas Group are prepared according to International Financial Reporting Standards (IFRS) as adopted by the EU. The principles of internal control organisation and accounting are consistently applied to all companies of Utenos Trikotažas Group. In preparing the consolidated financial statements all inter-company transactions and balances are eliminated.

Internal controls in Utenos Trikotažas AB includes control procedures over processes related to sales and manufacturing of production, supply, financial reports preparation.

## **12. Social responsibility**

Utenos Trikotažas AB in order to implement the development of corporate social responsibility in partnership with business, social and international partners was recertified the international standard of social responsibility SA 8000 on 23 May 2015 ( supervisory audit was conducted in June 2017)

SA 8000 standard objectives:

- Ensure social welfare of workers and employees;
- Improve social responsibility not only inside the Company, but also encourage subcontractors;
- Demonstrate to the Western partners that Utenos Trikotažas AB managers of all levels treat their workers civilized and the Company had implemented core human rights conventions and directives.

Utenos Trikotažas AB management ensured that wages paid shall be sufficient to meet the basic needs of personnel and to provide some discretionary income.

Social responsibility (SA 8000) standard demands:

- The work for children under 16 years must not be practiced;
- Forced labor, verbal abuse or physical punishment must be avoided; working conditions must be healthy and safe;
- Discrimination based on nationality, race, religion, sex, sexual orientation, membership in organizations or political affiliation, age or disability must be prevented; employing, dismissing or retiring must not become a cause to work successfully, feel happy and needed.
- Equal pay for equal work and same opportunities for learning and promotions for men and women;
- People should work under well-defined working time schedules (work start, work end, lunch break and rest breaks); overtime work or work on rest days or holidays must be provided in the collective agreement or harmonized with workers' representatives – Council of Trade Unions.
- Payment and additions for work done must be clear to employees and all this must be harmonized in the collective agreement or with workers' representatives – Council of Trade Unions.

## **13. Information about the Company's own share acquisitions**

No own shares were acquired by Company during the current accounting period.

## **14. Significant events subsequent to the end of the previous financial year**

On 23 January 2017, Utenos Trikotažas AB becomes first Lithuanian company to join Greenpeace Detox campaign.

On 31 January 2017 announcement The sales of AB Utenos trikotažas group of 2016

On 28 February 2017 announcement of unaudited interim consolidated financial statements of 2016.

On 4 April 2017, the general meeting of shareholders of Utenos Trikotažas AB was convened. Draft decisions of the Annual General Meeting of Shareholders

On 11 April 2017 announcement about acquisition of UAB Gotija

On 14 April 2017 announcement Addition of the agenda of the Ordinary General Meeting of Shareholders

On 26 April 2016, decisions of the general shareholder meeting were announced.

On 26 April 2017, annual information 2016.

On 28 April 2017, announcement of the performance results for the first quarter of 2017.

On 3 May 2017 announcement a newly elected chairman of the Board of Utenos Trikotažas AB

On 27 June 2017 Announcement and presentation of CEO of "Utenos trikotažas" general director, CEO Meets Investors

## 15. The Company's operating plans and objectives

The company plans to maintain double-digit sales growth in 2017. The creation and production of new and innovative materials will remain one of the company's key priorities. In addition, Utenos Trikotažas joined Greenpeace's Detox campaign in the beginning of 2017, thus confirming its commitment to carrying out clean, eco-friendly production and eliminating raw materials which may have adverse effects on humans and the environment from all stages of production by 2020. The strengthening of environmentally-friendly production is one of the priority directions in the company's strategy.

The main drivers of further growth will continue to be attracting new customers and developing the company's brands. Priority directions for 2017:

- The increase of sales volumes to customers who are oriented towards high-quality, eco-friendly products made from innovative materials.
- The development of the sales of the company's own brands – UTENOS and ABOUT – in Lithuania, Western Europe, Japan and the United States.
- The promotion of sales of materials created and produced according to the needs of customers.
- The increase of production efficiency.

## 16. Structure of the Issuer's authorised share capital

As at 30 June 2017, the Company's authorised share capital was comprised of 9 503 000 ordinary registered shares with a nominal value of EUR 0.29 each.

Utenos Trikotažas AB authorised share capital according to types of shares:

Type of shares	Number of shares	Nominal value (EUR)	Total nominal value (EUR)	Percentage in the authorised share capital (%)
Ordinary registered shares	9 503 000	0.29	2 755 870	100.00

All shares of Utenos Trikotažas AB are fully paid.

All shares of the Company are ordinary registered shares of one class granting equal rights to their holders (shareholders).

An ordinary registered share grants the following property rights to its holder (shareholder):

1. to receive a part of the Company's profit (dividend);
2. to receive a part of assets of the Company in liquidation;
3. to receive shares without payment if the authorised capital is increased out of the Company's funds, except in cases specified in the Law on Companies of the Republic of Lithuania;
4. to have the pre-emption right in acquiring shares or convertible debentures issued by the Company, except in cases when the General Meeting of Shareholders decides to withdraw the pre-emption right in the manner prescribed by the Lithuanian Law on Companies in acquiring the Company's newly issued shares or convertible debentures for all the shareholders;
5. to lend to the Company in the manner prescribed by law; however, when borrowing from its shareholders, the Company may not pledge its assets to the 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 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 shall be prohibited from negotiating a higher interest rate;
6. to transfer all or part of the shares into the ownership of other persons;
7. to force other shareholders to sell their shares to them or to force other shareholders to buy their shares from them in cases and manner prescribed by the Law on the Securities Market;
8. other property rights established by laws.

An ordinary registered share grants the following non-property rights to its holder (shareholder):

1. to attend the General Meetings of Shareholders;
2. to vote at General Meetings of Shareholders according to voting rights carried by their shares; One ordinary registered share carries one vote;
3. to receive information on the Company specified by laws;
4. to file a claim with the court for reparation of damage resulting from nonfeasance or malfeasance by the company manager and Board members of their obligations prescribed by laws or these Articles of Association as well as in other cases laid down by laws;
5. other non-property rights established by laws.

#### 17. Restrictions on disposal of securities

There are no restrictions.

#### 18. Shareholders

As at 30 June 2017, the total number of shareholders of Utenos Trikotažas AB was 1 008.

The table below indicates shareholders owning or holding more than 5 per cent of the Issuer's authorised share capital as at 30 June 2017.

Names of shareholders	Company codes	Registration address	Number of ordinary registered shares held	Share in the authorised capital, (%)	Share of votes held, (%)
Koncernas SBA UAB	132206739	Laisvės pr.3, Vilnius, Lithuania	7 294	76.76	76.76
Algirdas Šabūnas	-	Liepų g.3-2, Raistiniškių vs, Vilniaus raj., Lithuania	950	10,00	10,00
EastCapital AssetManagement	556564-5370	Kungsgatan 30, Box 1364, Stocholm, Sweden	527	5.55	5.55
Other shareholders	-	-	732	7.69	7.69

#### 19. Shareholders holding special control rights and descriptions of these rights

There are no such shareholders.

#### 20. All restrictions regarding voting rights

There are no restrictions.

#### 21. All mutual agreements between shareholders of which the Issuer is aware and due to which restrictions on transfer of securities and/or voting rights may be imposed

There are no such agreements.

## 22. Management of the Group companies

Company name	Managers
Utenos Trikotažas AB	Algirdas Šabūnas
Šatrija AB	Giedrius Grondskis
MTF Mrija PAT	Tatjana Roshchina
Gotija UAB	Kristina Šašilaite

## 23. Management incentives

Management incentives are assigned by the decision of the Board taking into account the objectives met.

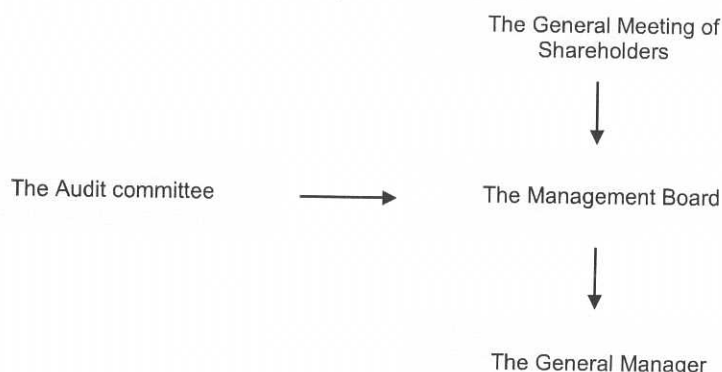
## 24. Amendment procedure of the Issuer's Articles of Association

The Articles of Association of the Company shall be amended by the decision of the General Meeting of Shareholders adopted in the manner prescribed by laws, except in cases specified in the Lithuanian Law on Companies. Following the decision by the General Meeting of Shareholders to amend the Company's Articles of Association, the full text of the amended Articles of Association shall be drawn up and signed by the person authorised by the General Meeting of Shareholders.

On the Company's Articles of Association is equal to EUR 2 755.9 thousand and is divided into 9 503 000 ordinary registered shares with a nominal value of EUR 0.29 each.

## 25. Issuer's management bodies

The management bodies of the Company are listed below:



The Articles of Association of Utenos Trikotažas AB stipulate that the Company shall have the following bodies: the General Meeting of Shareholders, the Board and the General Manager. The Supervisory Board shall not be set up at the Company.

**The Company's Board** shall be granted all powers stipulated in the Company's Articles of Association including powers assigned to it by laws. The Board shall deal with deliberation of collegial issues and decision making.

The Board shall deliberate and approve the Company's operating strategy, management structure and job descriptions of employees. The Board shall elect and remove from office the Company Manager, fix his salary and set other terms of the employment contract. The Board shall specify information classified as the Company's commercial secret. The Board shall analyse and assess the Company's draft annual and consolidated financial statements and proposed profit (loss) appropriation and shall submit them to the General Meeting of Shareholders. The Board shall pass other decisions assigned within its powers by legal acts, by the Company's Articles of Association and by the decisions of the General Meeting of Shareholders. The Board shall have a responsibility of convening and arranging the General Meetings of Shareholders in due time. The Board of Utenos Trikotažas AB shall be composed of 4 members elected for the period of 4 years.

The Board members of Utenos Trikotažas AB Algirdas Šabūnas, Gintautas Rudis, Vytautas Vaškys and Giedrius Gromskis were elected during the General Meeting of Shareholders on 26 April 2017 for the period until 30 April 2021.

**The Audit committee** consists of 2 (two) members with at least one independent member. The Audit committee members by the submission of the Board are being appointed and withdrawn by the General Meeting of Shareholders. The members of the Committee are elected for the term of 4 (four) years.

In 2017 the Audit committee held 1 meeting (on 13 March 2017). During the meetings The Audit Committee considered the questions which fall under its competency.

The shareholders meeting held on 26 April 2017 confirmed composition of Utenos Trikotažas AB audit committee and operating policies. The shareholders meeting held on 26 April 2017 elected Audit committee members: Arvydas Dalikas and Genadijus Makušėvas.

#### **Genadijus Makušėvas (b. 1959)**

Utenos Trikotažas AB independent auditor from 26 April 2017, re-elected for four years term.

##### Education:

- Vilnius University, Financial Accounting 1980.
- Ministry of Finance of the Republic of Lithuania, Certified Auditor, Certificate No. 000162, 1996;
- Various E&Y, ACCA, Grant Thornton, Mazars, Praxity International Accounting and Audit Standards, Audit Methodology and Management Professional Training Courses.

##### Workingplace:

- Grant Thornton Baltic UAB General Manager, auditor.

##### Participation in the management of other companies:

- Chairman of the Board of Grant Thornton Baltic UAB;
- Member of the Board of Association of Lithuanian accounting companies,
- Member of the Presidium of Lithuanian Chamber of Auditors.

#### **Arvydas Dalikas (b. 1954)**

AB Utenos trikotažas has an independent auditor since 2017. April 26, for a four-year term.

##### Education:

- Vilnius University, 1982, Financial Accounting
- Kaunas Polytechnic, technologist, 1972;
- Vilnius University Vocational Improvement Center, basics of audit profession 1994-1995;
- Ministry of Finance of the Republic of Lithuania, certified auditor, certificate Nr. 000052. 1996;
- Institute of Certified Public Accountants of Ireland, improvement courses, 2010;

##### Workplace:

- MGI In salvo UAB audit company General Manager

##### Participation in the management of other companies:

- Member of the international audit network "MGI Worldwide" UAB MGI In salvo since 2004;
- Member of the Lithuanian Audit Chamber's Quality Control Committee since 2009;
- Member of the Court of Auditors of the Republic of Lithuania, President 2009-2015;
- JSC "ADKF", general Manager, owner since 1991;
- Kaunas Construction Repair Trust, Restoration Board, Senior Accountant, Centralized Accounting, 1984-1992

##### The Duties of the Audit Committee:

1. To observe the process of preparation of the Company's financial reports;
2. To review the systems of internal control, risk management and internal audit, if it exists in the Company;
3. To observe the process of external audit;
4. To observe how the external auditor or audit company follows the principles of independence and objectivity;
5. To provide the Board of the Company with written recommendations regarding the selection, appointment and recall of an external audit company.
6. To immediately inform the Managing Director of the company about information provided by the audit company to audit committee about audit related problematic issues especially when significant control defects related to financial statements occur.

**Audit committee rights:**

- To get complete information and (or) documents (their copies) needed for the audit committee to perform their duties. On the audit committee request Administration of the Company must provide the information and (or) documents (their copies) to the Audit committee per 3 working days.
- To get complete information on details of accounting, financial and other operations of the company. On the audit committee request Administration of the Company as well as on its own initiative must inform the audit committee of the methods used to account for significant and (or) unusual transactions where the accounting treatment may be open to different approaches. In such case a special consideration should be given to company's operations in off shores and (or) activities carried out through special purpose vehicles (organizations), for the purpose to clarify the justification of such operations.

Audit committee members may be remunerated for their operations. Remunerations and the payment terms are determined by the submission of the board by the General shareholders meeting.

**26. Members of the collegial bodies, the Company Manager, the Finance Manager**

As at 30 June 2017:

Position	Name, surname	Number of the Issuer's shares held	Beginning of the term of office	End of the term of office
<b>Board</b>				
Chairman of the Board	Algirdas Šabūnas	950 300	2013.04.30	2016.09.05
Chairman of the Board	Gintautas Rudis	28	2016.09.05	2017.04.30
Member of the Board	Gintautas Rudis	28	2013.04.30	2016.09.05
Member of the Board	Algirdas Šabūnas	950 300	2016.09.05	2017.04.30
Member of the Board	Robertas Beržinskis	-	2013.04.30	2016.06.09
Member of the Board	Vytautas Vaškys	3	2013.04.30	2017.04.30
Member of the Board	Giedrius Gromskis	-	2017.04.26	2021.04.30
<b>Head of Administration and the Chief Financial Officer</b>				
General Manager	Algirdas Šabūnas	950 300	2016.09.06	-
Finance Director	Andrej Grobov	-	2015.02.03	-
<b>The Audit committee</b>				
The independent auditor	Genadijus Makušėvas	-	2013.04.30	2021.04.30
Member of the audit committee	Arvydas Dalikas	3	2017.04.26	2021.04.30

Company did not have information of any significant indirect share holdings during the reporting period.

During the whole practice of the Company no remunerations to the members of a collegial body (Members of the Board, Members of the audit committee) for their work and participation in the meetings of the collegial body were paid.

**Information about board members:****Gintautas Rudis (b. 1963)**

Utenos trikotažas AB board member from 29 January 2008, re-elected for four years term on 26 April 2017. As the chairman of the Board was re-elected on 2 March 2017.

Education: Kaunas University of Technology, Master degree in Management.

**Working place:**

- Enteco Baltic UAB, CEO.
- Euromodus UAB, CEO.

- Association "Pramonės ir rinkodaros verslo centras" CEO
- Evenmor UAB, CEO.

Participation in the management of other companies:

- Utenos trikotažas AB the chairman of the board
- Koncernas SBA UAB, the board member
- Urban Inventors UAB, the board member
- Šatrija AB, the board member
- Kauno baldai AB, the chairman of the supervisory board
- Šilutės baldai AB, the supervisory board
- Euromodus UAB the chairman of the board
- Enteco Baltic UAB the general manager
- Euromodus UAB the general manager
- Association "Pramonės ir rinkodaros verslo centras" the general manager
- Kempingo slėnyje, UAB the chairman of the board

#### **Algirdas Šabūnas (b. 1974)**

Member of the board of Utenos trikotažas AB is from 26 April 2017, for a four-year term.

Education:

- University of Vytautas Didysis, Master degree in Finance and Banking, doctoral degree in Social Sciences.

Working place:

- Utenos trikotažas AB, CEO

Participation in the management of other companies:

- Šatrija AB, the chairman of the board
- Koncernas SBA UAB, the board member
- Utenos trikotažas AB, the board member

#### **Vytautas Vaškys (b. 1967)**

Utenos Trikotažas AB board member from 29 April 2009, re-elected for four years term on 26 April 2017.

Education:

- Kaunas University of technology, Master degree in International Management and Business Administration (EMBA).

Working place:

- Koncernas SBA UAB, business risks director.

Participation in the management of other companies:

- Enteco Baltic UAB, the chairman of the board
- Klaipėdos baldų prekyba UAB, the chairman of the board
- Kauno baldai AB the chairman of the board
- Euromodus UAB, the board member
- Šatrija AB, the board member
- Urban Inventors UAB, the board member
- SBA Baldų Kompanija UAB, the board member
- Utenos Trikotažas AB, the board member
- MTF Mrija PAT, the supervisory board member
- BEI Capital UAB, director
- Novo mebel ZAO, the board member
- Kempingo slėnyje, UAB the chairman of the board
- Kaldera UAB, general Manager



**Giedrius Gromskis (b. 1973)**

Member of the board of Utenos trikotažas AB from 26 April 2017, for a four-year term..

## Education:

- Doctor of the KTU Social Sciences (Administration and Management).

## Workplace:

- Šatrija AB, general manager

## Participation in the management of other companies:

- Kauno Baldai UAB Member of the Board

During the first half 2017, no loans, guarantees, sponsorships were issued and no assets were disposed to members of the Company's Board and Administration. In 2017 first six months, the aggregate remuneration of the Company General Manager and the Finance Director amounted to EUR 89,7 thousand.

The Company has concluded no agreements with members of bodies or employees that would define their compensation in case of their resignation or dismissal without a sound reason or in case of termination of their employment as a result of the change in the control of the Company.

**27. Information about significant agreements**

The Company has concluded no significant agreements in which the Company is a party to and which would come into effect, change or terminate as a result of the change in the control of the Company.

**28. Information about the compliance with the Governance Code**

Utenos Trikotažas AB confirms its substantial compliance with the principles of the Governance Code approved by the Vilnius Stock Exchange for the companies listed on the regulated market.

**29. Data on publicly announced information**

The Company announces information on significant events (as well as other information required by laws) through the system of information disclosure and communication Globe Newswire. Publicly announced information is also available on the Company's website at [www.ut.lt](http://www.ut.lt) and on the website of the Vilnius Stock Exchange at [www.baltic.omxgroup.com](http://www.baltic.omxgroup.com).

**30. Company's auditor**

The Company concluded a contract for audit of the financial statements for 2017 and 2016 with ERNST & YOUNG BALTIC UAB (identification code 110878442, the registered address: **Subačiaus** str. 7, Vilnius). The annual remuneration for the audit services EUR is 15.300 (fifteen thousand three hundred euros) plus VAT.

**31. General information on the Group of companies****31.1. Companies that constitute the Group, their contact data and principle activities**

Company name	<b>Šatrija AB</b>
Legal form	Public company
Date and place of incorporation	1955 m. Vilniaus 5, 4400 Raseiniai
Company code	172285032
Address	Vilniaus 5, 4400 Raseiniai
Telephone	8 (428) 70611
Fax	8 (428) 70611
E-mail	<a href="mailto:raseiniai@satrija.lt">raseiniai@satrija.lt</a>
Website	<a href="http://www.satrija.lt">www.satrija.lt</a>
Principal activities	Sewing of clothes



Company name	<b>Mukačevska Trikotažnaja Fabrika Mrija PAT</b>
Legal form	Open public company
Date and place of incorporation	1971 m. Matrosova 13, 89600 Mukačevo, Ukraine
Company code	00307253
Address	Matrosova 13, 89600 Mukačevo, Ukraine
Telephone	+ 380 (3131) 52780
Fax	+380 (3131) 52780
E-mail	<a href="mailto:mriya@mk.ukrtel.net">mriya@mk.ukrtel.net</a>
Website	<a href="http://www.mriyamukachevo.com">www.mriyamukachevo.com</a>
Principal activities	Production of knit-wear articles

Company name	<b>Gotija UAB</b>
Legal form	Private company
Date and place of incorporation	1994 m. Laisvės al. 33, Kaunas
Company code	134181619
Address	Laisvės al. 33, Kaunas
Telephone	8 (37) 205879
Fax	8 (37) 205879
E-mail	<a href="mailto:gotija@ut.lt">gotija@ut.lt</a>
Website	None
Principal activities	Retail trade in clothes

### 31.2. Trade in securities of the Group companies in regulated markets

Subsidiaries Šatrija AB, PAT MTF Mrija, Gotija UAB do not trade in securities in regulated markets.

### 32. Information on harmful transactions in which the issuer is a party.

There were no harmful transactions (those that are not in line with issuer's goals, not under usual market terms, harmful to the shareholders' or stakeholders' interests, etc.) made in the name of the issuer that had or potentially could have negative effects in the future on the issuer's activities or business results. There were also no transactions where a conflict of interest was present between issuer's management's, controlling shareholders' or other related parties' obligations to the issuer and their private interests.

General Manager Algirdas Šabūnas

31 July 2017