

27 October 2017  
Vilnius

## CONFIRMATION OF THE COMPANY'S RESPONSIBLE PERSONS

Hereby we confirm, that by our knowledge Consolidated Interim Financial Statements for the nine months of 2017 prepared in accordance with International Financial Reporting Standards are true and fairly present assets, liabilities, financial position, profit or loss and cash flow of APB Apranga, as well as of Apranga Group consolidated companies.

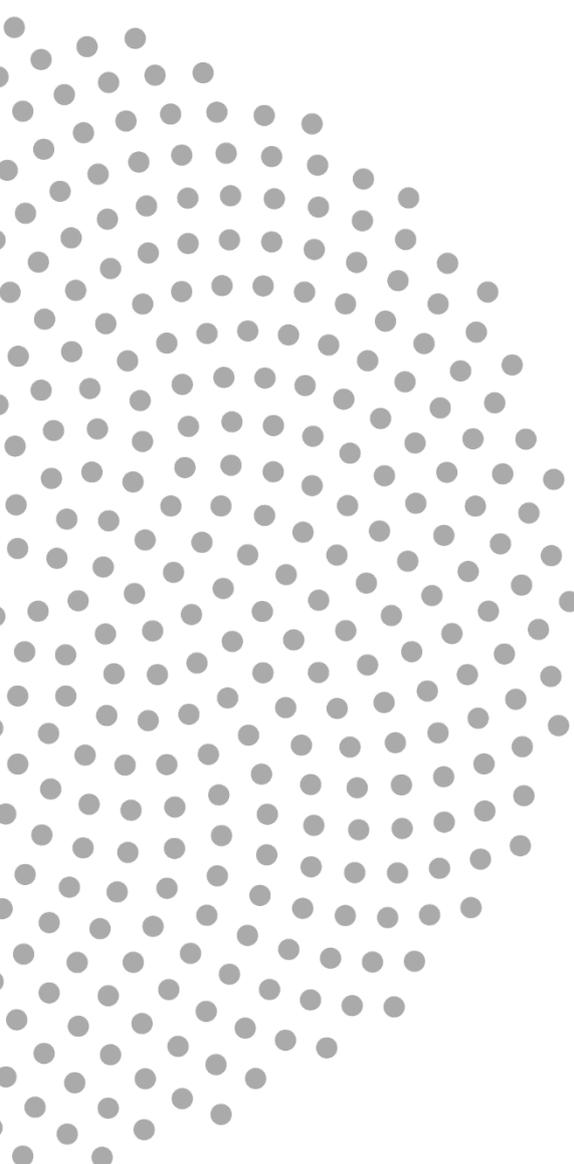


Apranga Group General Manager  
Rimantas Perveneckas



Apranga Group Chief Financial Officer  
Saulius Bačasuskas

KIRTIMŲ G. 51 LT-02244 VILNIUS	TELEFONAS (5) 2390608	BENDROVĖS KODAS 121933274	AB „SER BANKAS“ VILNIAUS FILIALAS	ATSISKAITOMŲJŲ SĄSKAITA LT04 7044 0600 0090 8237	LR ĮMONIŲ REJESTRAS VALSTYBĖS ĮMONĖS REGISTRŲ CENTRAS
ELEKTRONINIS PAŠTAS INFO@APRANGA.LT	FAKSAS (5) 2390600	PVM MOKĖTOJO KODAS LT-219332716	BANKO KODAS 70440	VALIUTINĖ SĄSKAITA LT50 7044 0600 0090 8282	VILNIAUS FILIALAS ŠMERICAILO G. 7, VILNIUS



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**APRANGA APB**

**The Consolidated Interim Report and  
Interim Consolidated Financial Statements**

For the Nine months period ended 30 September 2017

(UNAUDITED)

**APB APRANGA**

Company's code 121933274, Kirtimu 51, Vilnius

**INFORMATION ABOUT COMPANY**

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Name of the company	Apranga APB
Legal form	Public limited liability company
Date of registration	1 <sup>st</sup> March 1993
Code of company	121933274
Share capital	EUR 16 034 668.40
Registered office	Kirtimu 51, LT-02244 Vilnius, Lithuania
Name of Register of Legal Entities	Registru centras VĮ, Vilnius branch
Telephone number	+370 5 239 08 08
Fax number	+370 5 239 08 00
E-mail	<a href="mailto:info@apranga.lt">info@apranga.lt</a>
Internet address	<a href="http://aprangagroup.lt">http://aprangagroup.lt</a>
Main activities	Retail trade of apparel
Auditor	Ernst &Young Baltic UAB

**APB APRANGA**

Company's code 121933274, Kirtimu 51, Vilnius

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## REVIEW OF ACTIVITY OF THE GROUP COMPANIES

The retail turnover (including VAT) of Apranga Group amounted to EUR 159.4 million in January through September 2017 or by 3.6% more than in first nine months of 2016. The highest growth rates were recorded in Estonia (8.0%), when growth rates in Lithuania and Latvia were 2.9% and 2.2% accordingly.

According to EUROSTAT data, the retail trade (except of motor vehicles, motorcycles and fuel) of Baltic States in 9 months 2017 in all three countries grew at almost equal rates and reached 3-4%, compared to the corresponding period of the previous year. The average annual growth rate (i.e. of the last 12 months) of retail trade in the Baltic States was very similar to that in 9 months 2017. But the growth rates in the third quarter differed considerably among countries, reaching almost 7% in Latvia, compared to 2-3% in Lithuania and Estonia. European Union (28 countries) retail trade in 9 months 2017 in all quarters (as in 2016) grew very steady by about 2-3%.

The retail turnover of the Group's stores by countries during 9 months of 2017 was (EUR thousand, VAT included):

Country	9 months 2017	9 months 2016	9 months 2015	2017/2016, %	2017/2015, %
Lithuania	92 527	89 910	85 469	2,9%	8,3%
Latvia	38 164	37 330	34 964	2,2%	9,2%
Estonia	28 674	26 559	21 489	8,0%	33,4%
<b>Total:</b>	<b>159 365</b>	<b>153 799</b>	<b>141 922</b>	<b>3,6%</b>	<b>12,3%</b>

The retail turnover of the Group's stores during the third quarter 2017 by countries was as follows (EUR thousand, VAT included):

Country	Q3 2017	Q3 2016	Q3 2015	2017/2016, %	2017/2015, %
Lithuania	34 134	34 092	32 125	0,1%	6,3%
Latvia	14 630	14 497	13 185	0,9%	11,0%
Estonia	11 327	10 858	8 628	4,3%	31,3%
<b>Total:</b>	<b>60 091</b>	<b>59 447</b>	<b>53 938</b>	<b>1,1%</b>	<b>11,4%</b>

The decline in turnover growth rates was mainly due to unfavorable weather conditions for clothing retail.

The retail turnover of the Group's stores by chains in first half of 2017 was as follows (EUR thousand, VAT included):

Chain	9 months 2017	9 months 2016	9 months 2015	2017/2016, %	2017/2015, %
Economy <sup>1</sup>	22 183	22 000	22 375	0,8%	-0,9%
Youth <sup>2</sup>	31 790	31 442	31 517	1,1%	0,9%
Footwear	4 694	4 917	5 436	-4,5%	-13,7%
Business <sup>3</sup>	27 876	26 183	22 808	6,5%	22,2%
Luxury <sup>4</sup>	16 965	17 622	17 560	-3,7%	-3,4%
Zara	48 287	44 689	36 225	8,1%	33,3%
Outlets	7 570	6 946	6 001	9,0%	26,2%
<b>Total</b>	<b>159 365</b>	<b>153 799</b>	<b>141 922</b>	<b>3,6%</b>	<b>12,3%</b>

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

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

<sup>3</sup> City, Massimo Dutti, Strellson, Marella, Pennyblack, Coccinelle, Tommy Hilfiger, Zara Home;

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

In January-September 2017, Zara, Outlets and Business chain's turnover increased mostly (respectively by 8.1%, 9.0% and 6.5%). In the two-year period, highest increases were recorded also by the same Zara, Outlets and Business chains (respectively by 33.3%, 26.2% and 22.2%).

**APB APRANGA**, company's code 121933274, Kirtimu 51, Vilnius  
**REVIEW OF ACTIVITY OF THE GROUP COMPANIES**  
**FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2017**  
(all tabular amounts are in EUR thousands unless otherwise stated)

During the nine months of 2017 the Group opened 5 stores (two Orsay stores in Kaunas and Panevėžys, Aldo store in Vilnius, Weekend MaxMara store in Klaipėda and Apranga store in Tartu), extended and renovated 5 (Bershka store in Kaunas, Zara store in Klaipėda, City store in Riga, and Bershka and Stradivarius stores in Tallinn), and closed 6 stores.

The capital expenditure of the retail chain expansion together with investments to new warehouse equipment amounted to EUR 5.4 million (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	30 09 2017	30 09 2016	30 09 2015	2017/2016, %
Lithuania	105	103	100	1,9%
Latvia	47	47	45	0,0%
Estonia	30	29	23	3,4%
<b>Total:</b>	<b>182</b>	<b>179</b>	<b>168</b>	<b>1,7%</b>

The number of stores by chains was as follows:

Chain	30 09 2017	30 09 2016	Change
Economy	35	33	6,1%
Youth	44	46	-4,3%
Footwear	15	15	0,0%
Business	40	38	5,3%
Luxury	27	27	0,0%
Zara	12	12	0,0%
Outlets	9	8	12,5%
<b>Total</b>	<b>182</b>	<b>179</b>	<b>1,7%</b>

The total *sales area* operated by the Group has increased by 3.0% or by 2.5 thousand sq. m. during the period until 30 September 2017. Sales area increased the most in Estonia (+6.1%).

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

Country	30 09 2017	30 09 2016	30 09 2015	2017/2016, %
Lithuania	49,4	48,0	47,5	3,0%
Latvia	20,8	20,7	20,5	0,9%
Estonia	14,3	13,5	10,1	6,1%
<b>Total:</b>	<b>84,6</b>	<b>82,1</b>	<b>78,1</b>	<b>3,0%</b>

In spring 2018 the Group plans to move to an new 15 400 sq. m. administrative and logistic complex in „Vilnius verslo parkas“, located in Ukmerges street. Accordingly, in August 2017, the Company signed an agreement on the sale of office and warehouse premises and other non-current assets located in Kirtimu str. 51 in Vilnius. The value of the transaction of the sale of assets totalled EUR 6.05 million (including VAT). The transaction had a positive impact of almost EUR 3.5 million on Company's and Group's accounting period results. The profit of the transaction is recorded under "Other income" in the statement of comprehensive income (see Note 6 "Sale of non-current assets").

The Group has earned EUR 12.6 million of *profit before income tax* in nine months 2017, while profit before taxes amounted to EUR 9.5 million during nine months of 2016 (the increase of 32.5%). In 3<sup>rd</sup> quarter the profit before income tax increased by 51.3% from EUR 4.9 million in 2016 to EUR 7.4 million in 2017.

*EBITDA* of the Group was EUR 17.5 million during 9 months 2017, and it was EUR 14.1 million in corresponding previous year period (+24.2%). EBITDA margin has increased from 11.4% to 13.5% during the year.

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**FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2017**  
(all tabular amounts are in EUR thousands unless otherwise stated)

<b>Main Group Indicators</b>	<b>9 months 2017</b>	<b>9 months 2016</b>	<b>9 months 2015</b>
Net sales, EUR thousand	130 043	123 502	113 278
Net sales in foreign markets, EUR thousand	54 182	51 162	44 962
Like-to-like sales, %	-0,5%	2,3%	0,4%
Gross profit, EUR thousand	57 688	54 990	50 562
Gross margin, %	44,4%	44,5%	44,6%
Operating profit, EUR thousand	12 617	9 537	8 383
Operating profit margin, %	9,7%	7,7%	7,4%
EBT, EUR thousand	12 602	9 512	8 316
EBT margin, %	9,7%	7,7%	7,3%
Profit for the period, EUR thousand	10 522	7 918	6 898
Profit for the period margin, %	8,1%	6,4%	6,1%
EBITDA, EUR thousand	17 524	14 113	12 757
EBITDA margin, %	13,5%	11,4%	11,3%
Return on equity (end of the period), %	19,0%	15,7%	15,1%
Return on assets (end of the period), %	12,8%	10,3%	8,9%
Net debt to equity*, %	0,3%	5,4%	21,1%
Current ratio, times	2,2	2,4	1,6

\* (Interest bearing liabilities less cash) / Equity

<b>Main Group Indicators</b>	<b>Q3 2017</b>	<b>Q3 2016</b>	<b>Q3 2015</b>
Net sales, EUR thousand	49 286	48 101	43 136
Net sales in foreign markets, EUR thousand	21 307	20 367	17 395
Like-to-like sales, %	-2,9%	4,5%	-1,6%
Gross profit, EUR thousand	21 020	21 280	19 509
Gross margin, %	42,6%	44,2%	45,2%
Operating profit, EUR thousand	7 428	4 911	4 383
Operating profit margin, %	15,1%	10,2%	10,2%
EBT, EUR thousand	7 423	4 907	4 364
EBT margin, %	15,1%	10,2%	10,1%
Profit for the period, EUR thousand	6 250	4 084	3 666
Profit for the period margin, %	12,7%	8,5%	8,5%
EBITDA, EUR thousand	9 096	6 453	5 840
EBITDA margin, %	18,5%	13,4%	13,5%
Return on equity (end of the period), %	11,3%	8,1%	8,0%
Return on assets (end of the period), %	7,6%	5,3%	4,7%
Net debt to equity*, %	0,3%	5,4%	21,1%
Current ratio, times	2,2	2,4	1,6

\* (Interest bearing liabilities less cash) / Equity

The *operating expenses* of the Group totaled EUR 48.6 million in 9 months 2017 and increased by 6.8%, comparing to the same period 2016 (while net sales increased by 5.3%). The *finance costs* of the Group were EUR 0.15 million in 9 months 2017 (9 months 2016: 0.25 million). It has decreased mainly due to lower borrowings from banks. Total *finance debts* of the Group decreased from EUR 3.9 million to EUR 2.4 million during last 12 months.

<b>Main Group Indicators</b>	<b>9 months 2017</b>	<b>9 months 2016</b>	<b>Change</b>
Net sales, EUR thousand	130 043	123 502	5,3%
Net sales in foreign markets, EUR thousand	54 182	51 162	5,9%
Gross profit, EUR thousand	57 688	54 990	4,9%
Operating expenses	(48 566)	(45 453)	6,8%
Operating profit, EUR thousand	12 617	9 537	32,3%
EBT, EUR thousand	12 602	9 512	32,5%
Profit for the period, EUR thousand	10 522	7 918	32,9%
EBITDA, EUR thousand	17 524	14 113	24,2%

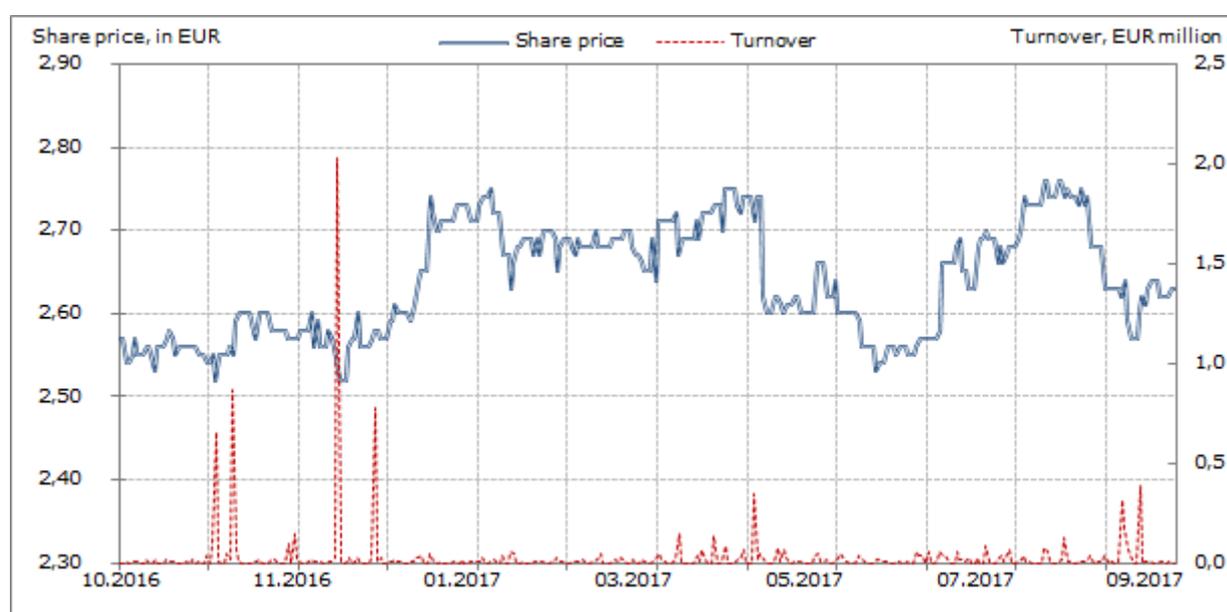
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The Group's level of inventories during the year grew by 4.0% (the increase from EUR 43.6 million to EUR 45.3 million), or a bit slower than the growth in turnover (+5.3%). Company's inventories grew by 7.8%.

The number of employees during the year till 30 September 2017 in the Group has increased by 97 to 2 117 (+4.8%), and has increased in Company by 2 to 758 (+0.3%). During the 3<sup>rd</sup> quarter 2017 the number of employees decreased by 2 (-0.1%) in the Group, and decreased by 18 (-2.3%) in the Company.

The price of the Company share during 9 months 2017 increased from EUR 2.57 per share to EUR 2.63 per share, or by 2.3%. The maximum share price during the nine months period was EUR 2.77 per share, minimum share price - EUR 2.53 per share. The market capitalization of the Company increased from EUR 142 million at the beginning of the year to EUR 145 million at the end of September 2017. The weighted average price of 1 share during the reporting period was EUR 2.66. Company's share turnover was EUR 4.7 million during 9 months 2017. The share price during the last 12 months increased from EUR 2.57 to EUR 2.63 per share, or by 2%.

Apranga APB share price during 12 months period from 1<sup>st</sup> October 2016 to 30<sup>th</sup> September 2017:



Information about members of the Management board on 30 September 2017:

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	- -	29 04 2014	28 04 2018
Rimantas Perveneckas	Member of the Board, General Director	800 770 1.45%	29 04 2014	28 04 2018
Ilona Simkuniene	Member of the Board, Purchasing Director	- -	29 04 2014	28 04 2018
Ramunas Gaidamavicius	Member of the Board, Development Director	5 000 0.01%	29 04 2014	28 04 2018
Vidas Lazickas	Member of the Board	135 000 0.24%	29 04 2014	28 04 2018
Marijus Strončikas	Member of the Board	4 450 0.01%	29 04 2014	28 04 2018

**STATEMENT OF COMPREHENSIVE INCOME**

	Note	Group		Company	
		9 months 2017	9 months 2016	9 months 2017	9 months 2016
Revenue	3	130 043	123 502	52 331	50 995
Cost of sales		(72 355)	(68 512)	(35 192)	(33 784)
<b>Gross profit</b>		<b>57 688</b>	<b>54 990</b>	<b>17 139</b>	<b>17 211</b>
Operating expenses		(49 061)	(45 939)	(19 261)	(18 425)
Other income	6	3 949	477	15 007	11 499
Net foreign exchange gain (loss)		41	9	42	9
<b>Operating profit (loss)</b>		<b>12 617</b>	<b>9 537</b>	<b>12 927</b>	<b>10 294</b>
Finance costs	7	( 15)	( 25)	( 15)	( 25)
<b>Profit (loss) before income tax</b>		<b>12 602</b>	<b>9 512</b>	<b>12 912</b>	<b>10 269</b>
Income tax expense		(2 080)	(1 594)	( 755)	( 272)
<b>Profit (loss) for the year</b>	3	<b>10 522</b>	<b>7 918</b>	<b>12 157</b>	<b>9 997</b>
<b>Other comprehensive income</b>		-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>10 522</b>	<b>7 918</b>	<b>12 157</b>	<b>9 997</b>
<b>Basic and diluted earnings per share (in EUR)</b>		<b>0,19</b>	<b>0,14</b>	<b>0,22</b>	<b>0,18</b>

	Note	Group		Company	
		Q3 2017	Q3 2016	Q3 2017	Q3 2016
Revenue	3	49 286	48 101	20 099	20 509
Cost of sales		(28 266)	(26 821)	(14 022)	(14 233)
<b>Gross profit</b>		<b>21 020</b>	<b>21 280</b>	<b>6 077</b>	<b>6 276</b>
General and administrative expenses		(17 230)	(16 474)	(6 545)	(6 585)
Other income	6	3 632	107	4 775	1 076
Net foreign exchange gain (loss)		6	( 2)	6	( 2)
<b>Operating profit (loss)</b>		<b>7 428</b>	<b>4 911</b>	<b>4 313</b>	<b>765</b>
Finance costs	7	( 5)	( 4)	( 5)	( 4)
<b>Profit (loss) before income tax</b>		<b>7 423</b>	<b>4 907</b>	<b>4 308</b>	<b>761</b>
Income tax expense		(1 173)	( 823)	( 653)	( 142)
<b>Profit (loss) for the year</b>	3	<b>6 250</b>	<b>4 084</b>	<b>3 655</b>	<b>619</b>
<b>Other comprehensive income</b>		-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>6 250</b>	<b>4 084</b>	<b>3 655</b>	<b>619</b>
<b>Basic and diluted earnings per share (in EUR)</b>		<b>0,11</b>	<b>0,07</b>	<b>0,07</b>	<b>0,01</b>

## BALANCE SHEET

	Note	Group		Company	
		30 09 2017	31 12 2016	30 09 2017	31 12 2016
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4, 6	24 284	25 197	13 640	15 113
Intangible assets	4	297	386	201	249
Investments in subsidiaries	5	-	-	4 806	4 798
Prepayments		655	411	65	68
Trade and other receivables		14	18	14	18
		<b>25 250</b>	<b>26 012</b>	<b>18 726</b>	<b>20 246</b>
<b>Current assets</b>					
Inventories		45 328	35 469	24 257	19 429
Available for sale financial assets		1 613	1 602	1 613	1 602
Non-current assets held for sale		324	324	324	324
Prepayments		2 155	833	1 220	781
Trade and other receivables		5 276	2 360	16 959	11 623
Cash and cash equivalents		2 218	4 976	652	3 055
		<b>56 914</b>	<b>45 564</b>	<b>45 025</b>	<b>36 814</b>
<b>TOTAL ASSETS</b>	<b>3</b>	<b>82 164</b>	<b>71 576</b>	<b>63 751</b>	<b>57 060</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Ordinary shares		16 035	16 035	16 035	16 035
Legal reserve		1 604	1 604	1 604	1 604
Translation difference		( 53)	( 53)	-	-
Retained earnings		37 660	35 985	28 383	25 073
		<b>55 246</b>	<b>53 571</b>	<b>46 022</b>	<b>42 712</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities		977	1 125	203	361
Other liabilities		451	443	451	443
		<b>1 428</b>	<b>1 568</b>	<b>654</b>	<b>804</b>
<b>Current liabilities</b>					
Borrowings	7	2 365	-	7 424	6 977
Current income tax liability		1 883	332	913	80
Trade and other payables		21 242	16 105	8 738	6 487
		<b>25 490</b>	<b>16 437</b>	<b>17 075</b>	<b>13 544</b>
<b>Total liabilities</b>		<b>26 918</b>	<b>18 005</b>	<b>17 729</b>	<b>14 348</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>82 164</b>	<b>71 576</b>	<b>63 751</b>	<b>57 060</b>

## STATEMENTS OF CHANGES IN EQUITY

<b>GROUP</b>	<b>Note</b>	<b>Share capital</b>	<b>Legal reserve</b>	<b>Translation reserve</b>	<b>Retained earnings</b>	<b>Total</b>
<b>Balance at 1 January 2016</b>		<b>16 035</b>	<b>1 601</b>	<b>( 53)</b>	<b>31 463</b>	<b>49 046</b>
<b>Comprehensive income</b>						
Profit for the 9 months 2016	<b>3</b>				7 918	7 918
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>7 918</b>	<b>7 918</b>
<b>Transactions with owners</b>						
Dividends paid					(6 635)	(6 635)
<b>Balance at 30 September 2016</b>		<b>16 035</b>	<b>1 601</b>	<b>( 53)</b>	<b>32 746</b>	<b>50 329</b>
<b>Balance at 1 January 2017</b>		<b>16 035</b>	<b>1 604</b>	<b>( 53)</b>	<b>35 985</b>	<b>53 571</b>
<b>Comprehensive income</b>						
Profit for the 9 months 2017	<b>3</b>				10 522	10 522
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>10 522</b>	<b>10 522</b>
<b>Transactions with owners</b>						
Dividends paid	<b>9</b>				(8 847)	(8 847)
<b>Balance at 30 September 2017</b>		<b>16 035</b>	<b>1 604</b>	<b>( 53)</b>	<b>37 660</b>	<b>55 246</b>

<b>COMPANY</b>		<b>Share capital</b>	<b>Legal reserve</b>	<b>Retained earnings</b>	<b>Total</b>
<b>Balance at 1 January 2016</b>		<b>16 035</b>	<b>1 601</b>	<b>20 269</b>	<b>37 905</b>
<b>Comprehensive income</b>					
Profit for the 9 months 2016				9 997	9 997
<b>Transactions with owners</b>					
Dividends paid				(6 635)	(6 635)
<b>Balance at 30 September 2016</b>		<b>16 035</b>	<b>1 601</b>	<b>23 631</b>	<b>41 267</b>
<b>Balance at 1 January 2017</b>		<b>16 035</b>	<b>1 604</b>	<b>25 073</b>	<b>42 712</b>
<b>Comprehensive income</b>					
Profit for the 9 months 2017				12 157	12 157
<b>Transactions with owners</b>					
Dividends paid	<b>9</b>			(8 847)	(8 847)
<b>Balance at 30 September 2017</b>		<b>16 035</b>	<b>1 604</b>	<b>28 383</b>	<b>46 022</b>

## STATEMENTS OF CASH FLOW

	Note	Group		Company	
		9 months 2017	9 months 2016	9 months 2017	9 months 2016
<b>OPERATING ACTIVITIES</b>					
Profit (loss) before income taxes		12 602	9 512	12 912	10 269
Adjustments for:					
Depreciation and amortization		4 907	4 576	2 122	2 097
Impairment charge (reverse)		( 47)	-	( 19)	-
Change in allowances for slow-moving inventories		237	26	232	91
(Gain) Loss on disposal of property, plant and equipment	6	(3 500)	( 6)	(3 500)	( 3)
Write-off of property, plant and equipment		54	14	12	12
Dividends income		-	-	(8 050)	(8 616)
Interest income, net of interest expenses		( 28)	( 26)	( 77)	( 57)
		<b>14 225</b>	<b>14 096</b>	<b>3 632</b>	<b>3 793</b>
Changes in operating assets and liabilities:					
Decrease (increase) in inventories		(10 096)	(10 375)	(5 060)	(4 209)
Decrease (increase) in receivables		(4 489)	(1 841)	(6 158)	( 262)
Increase (decrease) in payables		5 145	5 976	2 259	1 712
<b>Cash generated from operations</b>		<b>4 785</b>	<b>7 856</b>	<b>(5 327)</b>	<b>1 034</b>
Income taxes paid		( 677)	( 565)	( 80)	( 17)
Interest paid	7	( 15)	( 25)	( 15)	( 25)
<b>Net cash from operating activities</b>		<b>4 093</b>	<b>7 266</b>	<b>(5 422)</b>	<b>992</b>
<b>INVESTING ACTIVITIES</b>					
Interest received		43	51	92	82
Dividends received		-	-	8 050	8 616
Loans granted		(22 400)	(13 700)	(32 063)	(21 493)
Loans repayments received		22 400	13 700	32 443	20 005
Purchases of property, plant and equipment and intangible assets	4	(6 486)	(4 714)	(2 097)	(1 516)
Proceeds on disposal of property, plant and equipment	4, 6	6 074	1 831	5 003	150
Proceeds on disposal of available-for-sale financial assets		-	1 065	-	1 065
Investment in subsidiaries		-	-	( 8)	( 57)
<b>Net cash used in investing activities</b>		<b>( 369)</b>	<b>(1 767)</b>	<b>11 420</b>	<b>6 852</b>
<b>FINANCING ACTIVITIES</b>					
Dividends paid	9	(8 847)	(6 650)	(8 847)	(6 650)
Proceeds from borrowings	7	6 916	36 262	42 784	77 046
Repayments of borrowings	7	(5 441)	(36 262)	(43 228)	(78 767)
<b>Net cash from financing activities</b>		<b>(7 372)</b>	<b>(6 650)</b>	<b>(9 291)</b>	<b>(8 371)</b>
<b>NET INCREASE (DECREASE) IN CASH AND BANK OVERDRAFTS</b>					
		<b>(3 648)</b>	<b>(1 151)</b>	<b>(3 293)</b>	<b>( 527)</b>
<b>CASH AND BANK OVERDRAFTS:</b>					
<b>AT THE BEGINNING OF THE PERIOD</b>		<b>4 976</b>	<b>414</b>	<b>3 055</b>	<b>(1 051)</b>
<b>AT THE END OF THE PERIOD</b>		<b>1 328</b>	<b>( 737)</b>	<b>( 238)</b>	<b>(1 578)</b>

## NOTES TO INTERIM CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS

### 1. General information

APB Apranga, (hereinafter "the Company"), was incorporated and commenced its operations in March 1993. The Company's head office is situated in Kirtimu 51, 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 September 2017, the Group consisted of the Company and the following 100% owned subsidiaries:

Name	Country	Headquarters	Principal activity
UAB Apranga LT	Lithuania	Kirtimu 51, Vilnius	Retail trade of apparel
UAB Apranga BPB LT	Lithuania	Kirtimu 51, Vilnius	Retail trade of apparel
UAB Apranga PLT	Lithuania	Kirtimu 51, Vilnius	Retail trade of apparel
UAB Apranga SLT	Lithuania	Kirtimu 51, Vilnius	Retail trade of apparel
UAB Apranga MLT	Lithuania	Kirtimu 51, Vilnius	Retail trade of apparel
UAB Apranga HLT	Lithuania	Kirtimu 51, Vilnius	Retail trade of apparel
UAB Apranga Ecom LT	Lithuania	Kirtimu 51, Vilnius	Retail trade of apparel
SIA Apranga	Latvia	Elizabetes 51, Riga	Retail trade of apparel
SIA Apranga LV	Latvia	Elizabetes 51, Riga	Retail trade of apparel
SIA Apranga BPB LV	Latvia	Elizabetes 51, Riga	Retail trade of apparel
SIA Apranga PLV	Latvia	Elizabetes 51, Riga	Retail trade of apparel
SIA Apranga SLV	Latvia	Terbatas 30, Riga	Retail trade of apparel
SIA Apranga MLV	Latvia	Terbatas 30, Riga	Retail trade of apparel
SIA Apranga Ecom LV	Latvia	Terbatas 30, Riga	Retail trade of apparel
OU Apranga <sup>1</sup>	Estonia	Pärnu mnt 10/Väike-Karja 12 Tallinn	Retail trade of apparel
OU Apranga Estonia	Estonia	Pärnu mnt 10/Väike-Karja 12 Tallinn	Retail trade of apparel
OU Apranga BEE	Estonia	Pärnu mnt 10/Väike-Karja 12 Tallinn	Retail trade of apparel
OU Apranga PB Trade	Estonia	Pärnu mnt 10/Väike-Karja 12 Tallinn	Retail trade of apparel
OU Apranga ST Retail	Estonia	Pärnu mnt 10/Väike-Karja 12 Tallinn	Retail trade of apparel
OU Apranga MDE	Estonia	Pärnu mnt 10/Väike-Karja 12 Tallinn	Retail trade of apparel
OU Apranga HEST	Estonia	Pärnu mnt 10/Väike-Karja 12 Tallinn	Retail trade of apparel
OU Apranga Ecom EE	Estonia	Pärnu mnt 10/Väike-Karja 12 Tallinn	Retail trade of apparel

<sup>1</sup> 100 % jointly with OU Apranga Estonia

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 30 September 2017, the Company had 2 624 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	33 321 529	60,3%
UAB Minvista	110685692	Jasinskio 16, Vilnius, Lithuania	5 312 074	9,6%
Swedbank AS (Estonia) clients	10060701	Liivalaia 8 Tallinn, Estonia	4 477 281	8,1%

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.

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, 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 9 months 2017 is as follows:

9 months 2017	Lithuania	Latvia	Estonia	Total	Inter- company elimina- tions	Total in consolidated financial statements
Total segment revenue	87 831	31 392	24 112	143 335	-	
Inter-segment revenue	(11 970)	( 720)	( 602)	(13 292)	-	
<b>Revenue from external customers</b>	<b>75 861</b>	<b>30 672</b>	<b>23 510</b>	<b>130 043</b>	-	<b>130 043</b>
<b>Gross margin</b>	<b>43,1%</b>	<b>45,9%</b>	<b>46,2%</b>	<b>44,4%</b>		<b>44,4%</b>
<b>Profit (loss) for the year</b>	<b>7 649</b>	<b>1 933</b>	<b>940</b>	<b>10 522</b>	-	<b>10 522</b>
Total assets	72 738	14 616	12 266	99 620	(17 456)	82 164
Additions to non-current assets (other than financial instruments and prepayments for leases)	4 141	561	1 784	6 486	-	6 486

9 months 2016	Lithuania	Latvia	Estonia	Total	Inter- company elimina- tions	Total in consolidated financial statements
Total segment revenue	83 762	30 406	21 855	136 023	-	
Inter-segment revenue	(11 422)	( 707)	( 392)	(12 521)	-	
<b>Revenue from external customers</b>	<b>72 340</b>	<b>29 699</b>	<b>21 463</b>	<b>123 502</b>	-	<b>123 502</b>
<b>Gross margin</b>	<b>43,7%</b>	<b>45,4%</b>	<b>46,1%</b>	<b>44,5%</b>		<b>44,5%</b>
<b>Profit (loss) for the year</b>	<b>4 808</b>	<b>1 899</b>	<b>1 211</b>	<b>7 918</b>	-	<b>7 918</b>
Total assets	66 387	15 707	11 535	93 629	(16 404)	77 225
Additions to non-current assets (other than financial instruments and prepayments for leases)	1 922	568	2 328	4 818	( 104)	4 714

### 4. Investments into non-current assets

Net investments of the Group amounted to EUR 5.4 million in first nine months of 2017 (EUR 1.4 million in 3<sup>rd</sup> quarter 2017). The Company totally invested EUR 2.1 million in first nine months of 2017. Daughter companies' investments into development of the retail network amounted to EUR 3.3 million.

### 5. Investments into subsidiaries

In August 2017, the Company increased the share capital of its subsidiary UAB Apranga Ecom LT from EUR 2 500 to EUR 10 000. All newly issued shares have been fully paid in cash.

## **6. Sale of non-current assets**

In August 2017, the Company sold real estate and other non-current assets located in Kirtimu str. 51 in Vilnius. The total value of the transaction of the sale of assets amounted to EUR 6.05 million (including VAT). The transaction's positive impact on Company's and Group's accounting period results - almost EUR 3.5 million. The profit of the transaction is recorded under "Other income" in the statement of comprehensive income.

## **7. Borrowings**

In August 2017, the Company and SEB bank signed the amendment to the previously concluded credit line agreement. According to this amendment, 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 2017 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. Guarantees and letters of credit**

As of 30 September 2017 guarantees issued by the credit institutions on behalf of the Company to secure the obligations of its subsidiaries to their suppliers totaled EUR 14 529 thousand (31 December 2016: EUR 11 173 thousand). The letters of credit and guarantees provided to suppliers by the credit institutions on behalf of the Group as of 30 September 2017 amounted to EUR 16 549 thousand (31 December 2016: EUR 13 313 thousand).

As of 30 September 2017 the Company's guarantees issued to secure the obligations of its subsidiaries to their suppliers totaled EUR 821 thousand (31 December 2016: EUR 840 thousand).

## **9. Profit distribution**

The Annual shareholders meeting of APB Apranga held on 27 April 2017 has resolved to pay EUR 8 847 thousand in dividends and to pay EUR 180 thousand as annual bonuses for the year 2016.