

CONFIRMATION OF RESPONSIBLE PERSONS

Following Article 22 of the Law on Securities of the Republic of Lithuania, Periodic and Additional Information of Preparation and Submission rules of Lithuanian Bank Board, we, Algirdas Šabūnas, Managing Director of Utenos trikotazas, AB, Finance Director Andrej Grobov, hereby confirm that, to the best of our knowledge, the unaudited consolidated financial statements of Utenos trikotazas, AB for the 9 months of 2019, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of Utenos trikotazas, AB and the Group of undertakings.

ENCLOSURE: Unaudited consolidated financial statements for the 9 months of 2019 of Utenos trikotazas AB.

Managing Director



Algirdas Šabūnas

Finance Director



Andrej Grobov



UTENOS TRIKOTAŽAS, AB

CONSOLIDATED AND COMPANY'S INTERIM FINANCIAL STATEMENTS
for the 9 months period ended 30 september 2019
(UNAUDITED)

INFORMATION ABOUT COMPANY

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

TABLE OF CONTENT

| | PAGE |
|--|--------------|
| FINANCIAL STATEMENTS: | |
| REVIEW OF ACTIVITY OF THE GROUP COMPANIES | 4-9 |
| BALANCE SHEET | 10 |
| STATEMENT OF COMPREHENSIVE INCOME | 11-12 |
| STATEMENTS OF CHANGES IN EQUITY | 13 |
| STATEMENTS OF CASH FLOWS | 14 |
| EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS | 15-24 |

REVIEW OF ACTIVITY OF THE GROUP COMPANIES

In the 9 months of 2019, Utenos trikotažas AB group of companies (hereinafter „the Group“) sold products and provided services for EUR 23.66 million, which is by 0.1 per cent less than in the previous year when the Group’s sales accounted for EUR 23.67 million. The Group exported 80.4 per cent of products.

During the nine months of 2019, the company Utenos trikotažas sold products and provided services for EUR 20.79 million. The sales volume, compared with the 9 months of 2018, decreased by EUR 0.361 million, or 1.7 per cent. The company’s export sales reached 83.1 per cent.

The sales of the largest segment – on-demand knitwear –dropped by 3.1 per cent and reached EUR 18 million, private brands UTENOS and ABOUT grew by 9.3 per cent and reached EUR 2.8 million, whereas the sales of functional-technical garments produced by its subsidiary Šatrija grew by 13.5 per cent.

In the 9 months of 2019, the Group earned a pre-tax profit of EUR 575 thousand, compared with a profit of EUR 1 183 thousand in the 9 months of 2018. During the same period, the company Utenos trikotažas earned a pre-tax profit of EUR 1596 thousand, whereas it recorded a profit of EUR 1 068 thousand a year ago.

The Group’s EBITDA amounted to EUR 1 116 thousand, which is less by 40.3 per cent than in the respective period of 2018. The Company’s EBITDA reached EUR 879 thousand, which is less of 44.6 per cent, compared with the first quarter of 2018, when the company’s EBITDA accounted for EUR 1 587 thousand.

Key performance indicators of the Group
Trade

| Revenue (EUR '000) | Group | | | Company | | |
|---|---------------|---------------|--------------|---------------|---------------|--------------|
| | 2019 | 2018 | Change | 2019 | 2018 | Change |
| | 9M | 9M | % | 9M | 9M | % |
| Products manufactured on demand of other clients | 18 038 | 18 624 | (3.1) | 18 038 | 18 624 | (3.1) |
| Own brands (ABOUT, UTENOS) | 2 849 | 2 607 | 9.3 | 2 752 | 2 527 | 8.9 |
| Services of functional-technical garments manufacture | 2 772 | 2 442 | 13.5 | - | - | - |
| | 23 659 | 23 673 | (0.1) | 20 790 | 21 151 | (1.7) |

| Revenue (EUR '000) | Group | | | Company | | |
|---|--------------|--------------|---------------|--------------|--------------|---------------|
| | 2019 | 2018 | Change | 2019 | 2018 | Change |
| | III Q | III Q | % | III Q | III Q | % |
| Products manufactured on demand of other clients | 6 073 | 7 251 | (16.2) | 6 073 | 7 251 | (16.2) |
| Own brands (ABOUT, UTENOS) | 997 | 930 | 7.2 | 965 | 899 | 7.3 |
| Services of functional-technical garments manufacture | 859 | 928 | (7.4) | - | - | - |
| | 7 929 | 9 109 | (13.0) | 7 038 | 8 150 | (13.6) |

Sales by regions

| Revenue (EUR '000) | Group | | | Company | | |
|---|---------------|---------------|--------------|---------------|---------------|--------------|
| | 2019 | 2018 | Change | 2019 | 2018 | Change |
| | 9M | 9M | % | 9M | 9M | % |
| Export | 19 014 | 19 738 | (3.7) | 17 271 | 18 257 | (5.4) |
| <i>DACH (Germany, Austria, Switzerland)</i> | 12 392 | 10 633 | 16.5 | 11 395 | 9 965 | 14.4 |
| <i>Scandinavia (Sweden, Norway, Denmark, Finland)</i> | 4 474 | 6 611 | (32.3) | 4 403 | 6 430 | (31.5) |
| <i>Other regions</i> | 2 148 | 2 494 | (13.9) | 1 473 | 1 862 | (20.8) |
| Domestic | 4 645 | 3 935 | 18.0 | 3 519 | 2 894 | 21.6 |
| | 23 659 | 23 673 | (0.1) | 20 790 | 21 151 | (1.7) |

| Revenue (EUR '000) | Group | | | Company | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2019 III Q | 2018 III Q | Change % | 2019 III Q | 2018 III Q | Change % |
| Export | 6 491 | 7 690 | (15.6) | 5 982 | 7 238 | (17.4) |
| DACH (Germany, Austria, Switzerland) | 4 314 | 4 018 | 7.4 | 4 071 | 3 852 | 5.7 |
| Scandinavia (Sweden, Norway, Denmark, Finland) | 1 248 | 2 554 | (51.2) | 1 248 | 2 523 | (50.6) |
| Other regions | 929 | 1 118 | (16.9) | 663 | 863 | (23.2) |
| Domestic | 1 438 | 1 419 | 1.4 | 1 056 | 912 | 15.8 |
| | 7 929 | 9 109 | (13.0) | 7 038 | 8 150 | (13.6) |

Operating figures

| | Group | | | Company | | |
|-----------------------------|------------|------------|-------------|------------|------------|-------------|
| | 2019 9M | 2018 9M | Change % | 2019 9M | 2018 9M | Change % |
| Manufactured items units . | 2 219 | 2 455 | (9.6) | 2 119 | 2 364 | (10.4) |
| Average number of employees | 1 057 | 1 047 | 0.1 | 722 | 710 | 1.7 |

Financial ratio

| | Group | | | Company | | |
|--|------------|------------|-----------|------------|------------|-----------|
| | 2019 9M | 2018 9M | Change | 2019 9M | 2018 9M | Change |
| Revenue (EUR'000) | 23 659 | 23 673 | (0.1)% | 20 790 | 21 151 | (1.7)% |
| Operating profit (loss) (EUR'000) | 417 | 1 247 | (66.5)% | 384 | 1 108 | (65.3)% |
| Operating profit (loss) margin (%) | 1.8 | 5.3 | (3.5) p.p | 1.8 | 5.2 | (3.4) p.p |
| EBITDA (EUR'000) | 1 116 | 1 870 | (40.3)% | 879 | 1 587 | (44.6)% |
| EBITDA margin (%) | 4.7 | 7.9 | (3.2) p.p | 4.2 | 7.5 | (3.3) p.p |
| Profit (loss) before tax (EUR'000) | 575 | 1 183 | (51.4)% | 1 596 | 1 068 | 49.4% |
| Profit (loss) before tax, margin (%) | 2.4 | 5.0 | (2.6) p.p | 8.0 | 5.0 | 2.6 p.p |
| Net profit (loss) for the year (EUR'000) | 603 | 1 157 | (47.9)% | 1 615 | 1 041 | 55.1% |
| Net profit (loss) for the year margin (%) | 2.5 | 4.9 | (2.3) p.p | 7.8 | 4.9 | 2.8 p.p |
| Number of shares, (thousand) | 9 503 | 9 503 | - | 9 503 | 9 503 | - |

Interim Consolidated Information for the 9 months of 2019 (All amounts are in EUR thousand, unless otherwise stated)

| | Group | | | Company | | |
|---|-------|-------|-----------|---------|-------|-----------|
| | 2019 | 2018 | Change | 2019 | 2018 | Change |
| | III Q | III Q | | III Q | III Q | |
| Revenue (EUR'000) | 7 929 | 9 109 | (13.0)% | 7 038 | 8 150 | (13.6)% |
| Operating profit (loss) (EUR'000) | 453 | 741 | (38.8)% | 456 | 681 | (33.0)% |
| Operating profit (loss) margin (%) | 5.7 | 8.1 | (2.4) p.p | 6.5 | 8.4 | (1.9) p.p |
| EBITDA (EUR'000) | 844 | 952 | (11.4)% | 879 | 841 | 4.5% |
| EBITDA margin (%) | 11 | 10 | 0.2 p.p | 12,5 | 10,3 | 2.2 p.p |
| Profit (loss) before tax (EUR'000) | 597 | 616 | (3.1)% | 1 661 | 664 | 150.1% |
| Profit (loss) before tax, margin (%) | 7.5 | 6.8 | 0.8 p.p | 23.6 | 8.1 | 15.4 p.p |
| Net profit (loss) for the year (EUR'000) | 602 | 594 | 1.3% | 1 664 | 641 | 159.6% |
| Net profit (loss) for the year margin (%) | 7.6 | 6.5 | 1.1 p.p | 23.6 | 7.9 | 15.8 p.p |
| Number of shares, (thousand) | 9 503 | 9 503 | - | 9 503 | 9 503 | - |

Relative ratios

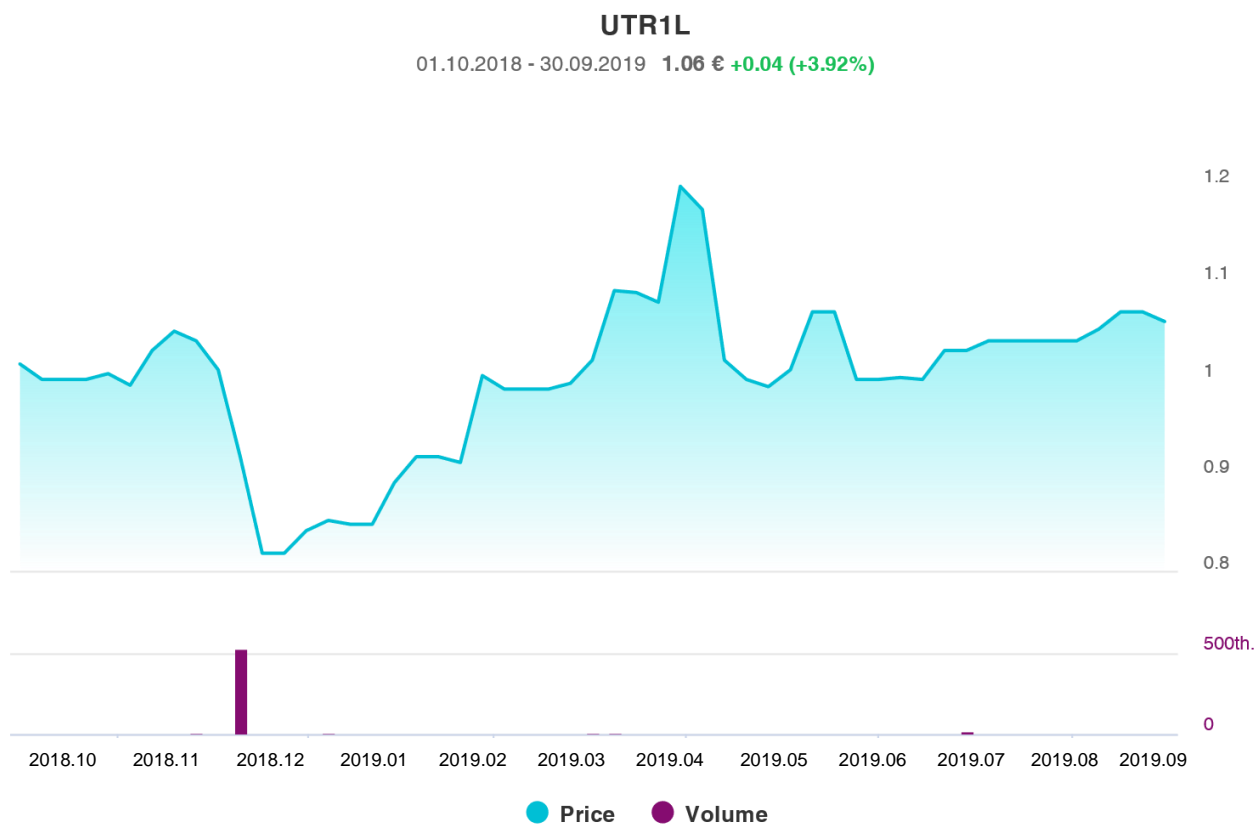
| | Group | | | Company | | |
|------------------------------------|-------|-------|--------|---------|-------|--------|
| | 2019 | 2018 | Change | 2019 | 2018 | Change |
| 9M | 9M | p.p | | 9M | 9M | |
| Return on capital employed (%) | 21.3 | 39.8 | (18.5) | 41.5 | 75.4 | (33.9) |
| Return on assets (%) | 2.6 | 6.0 | (3.4) | 5.5 | 11.2 | (5.7) |
| Return on shareholders' equity (%) | 5.5 | 13.1 | (7.6) | 11.4 | 23.7 | (12.3) |
| Debt ratio (%) | 52.5 | 52.8 | (0.3) | 51.5 | 52.8 | (1.3) |
| Debt-to-equity ratio (%) | 110.5 | 111.8 | (1.3) | 106.0 | 112.0 | (6.0) |
| Liquidity ratio (%) | 141.8 | 107.7 | 34.1 | 146.4 | 94.1 | 52.3 |
| Equity to assets ratio (%) | 47.5 | 47.2 | 0.3 | 48.5 | 47.2 | 1.3 |

Ratios related with the share price

| | 2019 | 2018 | Change |
|-----------|-------|------|--------|
| | 9M | 9M | |
| P/E | 16.92 | 8.79 | 12.01 |
| EPS | 0.06 | 0.11 | (0.15) |
| EV/EBITDA | 9.91 | 6.15 | 2.43 |

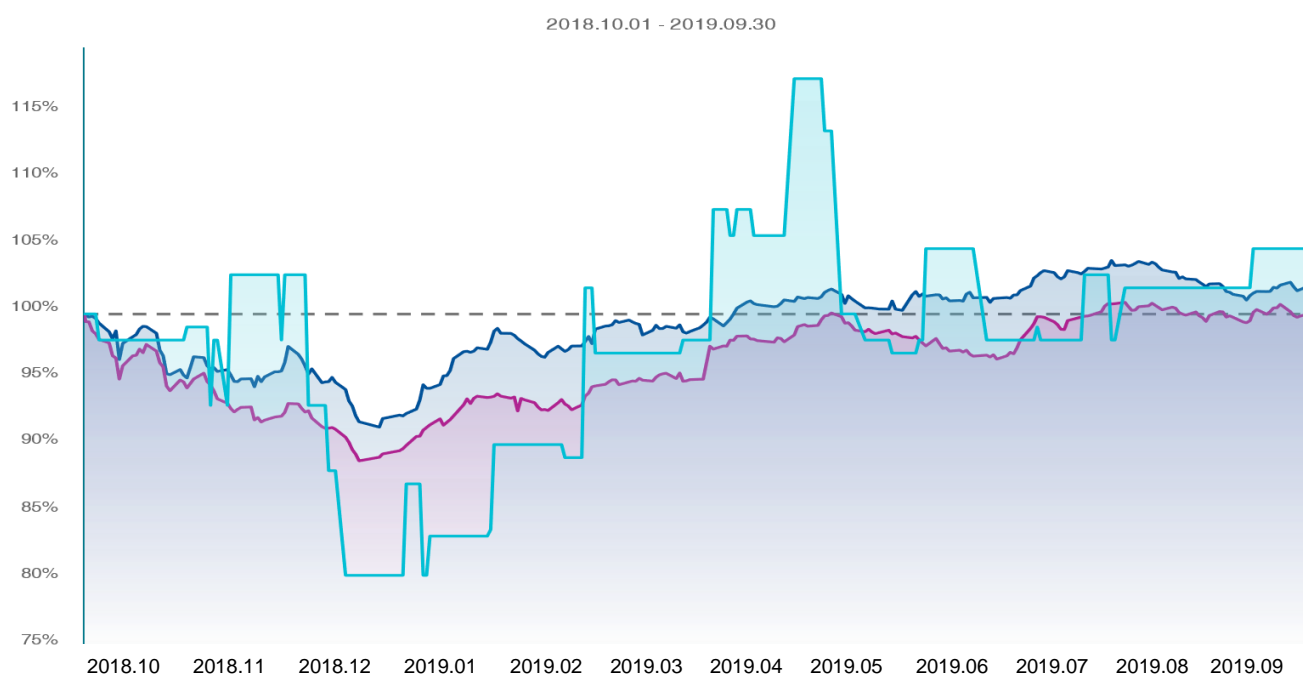
Information regarding the price of shares and their dynamics

Utenos Trikotažas AB share price dynamics, during 12 months period from 1 October 2018 to 30 September 2019



Price ratios

| | 2019 9M | 2018 9 M |
|-----------------------------|---------|----------|
| Open price, EUR | 0.820 | 0.950 |
| High price, EUR | 1.200 | 1.250 |
| Low price, EUR | 0.810 | 0.900 |
| Last price, EUR | 0.980 | 1.000 |
| Traded volume | 77 186 | 59 955 |
| Turnover, million EUR | 0.08 | 0.06 |
| Capitalisation, million EUR | 9.31 | 9.50 |

Utenos Trikotažas AB, OMX Baltic Benchmark GI and OMX Vilnius Index dynamics during 12 months period from 1 October 2018 to 30 September 2019


| Index/ Equity | 2019.09.30 | 2018.09.30 | 2019.09.30 /2018.09.30 Change, % |
|--------------------------|------------|------------|-------------------------------------|
| —OMX Baltic Benchmark GI | 968.47 | 948.29 | 2.13 |
| —OMX Vilnius | 690.62 | 689.27 | 0.2 |
| —UTR1L | 1.06 EUR | 1.02 EUR | 3.92 |

BALANCE SHEET

| | Notes | Group | | Company | |
|---|-------|---------------|---------------|---------------|---------------|
| | | 2019.09.30 | 2018.12.31 | 2019.09.30 | 2018.12.31 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Intangible assets | 7 | 532 | 655 | 128 | 249 |
| Property, plant and equipment | 8 | 10 368 | 9 661 | 6 579 | 6 130 |
| Investment property | | 88 | 90 | 88 | 90 |
| Investments into subsidiaries | | - | - | 1 550 | 1 550 |
| Trade and other receivables | | - | - | - | - |
| Receivables from subsidiaries | | - | - | 1 929 | 1 788 |
| Deferred income tax asset | | 104 | 104 | - | - |
| | | 11 092 | 10 510 | 10 274 | 9 807 |
| Current assets | | | | | |
| Inventories | 9 | 6 349 | 5 827 | 6 171 | 5 678 |
| Trade receivables | 10 | 4 352 | 4 835 | 3 863 | 4 408 |
| Other current assets | | 215 | 339 | 220 | 277 |
| Current financial assets | | - | - | - | - |
| Cash and cash equivalents | 11 | 562 | 703 | 123 | 120 |
| | | 11 478 | 11 704 | 10 377 | 10 484 |
| Total assets | | 22 570 | 22 214 | 20 651 | 20 291 |
| EQUITY AND LIABILITIES | | | | | |
| Equity attributable to the shareholders of the Company | | | | | |
| Share capital | | 2 756 | 2 756 | 2 756 | 2 756 |
| Revaluation surplus | 12 | 574 | 574 | 574 | 574 |
| Legal reserve | 12 | 4 237 | 4 340 | 2 259 | 2 303 |
| Reserve for acquisition of own shares | 12 | 1 090 | 90 | 1 000 | - |
| Foreign currency translation reserve | 12 | 981 | 936 | - | - |
| Cash flow hedge reserve | 12 | 5 | (4) | 5 | (4) |
| Accumulated retained earnings/ (losses) | 12 | 878 | 2 150 | 3 431 | 3 731 |
| | | 10 521 | 10 842 | 10 025 | 9 360 |
| Non-controlling interest | | 201 | 319 | - | - |
| Total equity | | 10 722 | 11 161 | 10 025 | 9 360 |
| LIABILITIES | | | | | |
| Non-current liabilities | | | | | |
| Borrowings | 13 | 2 433 | 379 | 2 433 | 379 |
| Borrowings from subsidiaries | 13 | - | - | 350 | 1 200 |
| Deferred income tax liabilities | | 871 | 822 | 356 | 374 |
| Non-Current financial liabilities | 13 | 185 | - | 185 | - |
| Provisions for employee benefits | | 264 | 240 | 212 | 188 |
| | | 3 753 | 1 441 | 3 536 | 2 141 |
| Current liabilities | | | | | |
| Current portion of non-current borrowings | 13 | 567 | 2 871 | 567 | 2 871 |
| Current financial liabilities | 13 | 731 | 1 239 | 731 | 1 240 |
| Current portion of derivative financial instruments | | 3 | 13 | 3 | 13 |
| Trade payables | | 2 646 | 2 577 | 2 576 | 2 498 |
| Payables to other related parties and subsidiaries | | 950 | 36 | 938 | 57 |
| Income tax payable | | - | 4 | - | - |
| Accrued expenses and other current liabilities | 14 | 3 198 | 2 872 | 2 275 | 2 111 |
| | | 8 095 | 9 612 | 7 090 | 8 790 |
| Total liabilities | | 11 848 | 11 053 | 10 626 | 10 931 |
| Total equity and liabilities | | 22 570 | 22 214 | 20 651 | 20 291 |

STATEMENT OF COMPREHENSIVE INCOME

| Group | Notes | January-September | | July-September | |
|---|-------|-------------------|--------------|----------------|--------------|
| | | 2019 | 2018 | 2019 | 2018 |
| Sales | 6,15 | 23 659 | 23 673 | 7 929 | 9 109 |
| Cost of sales | 16 | (19 469) | (18 997) | (6 270) | (7 190) |
| Gross profit | | 4 190 | 4 676 | 1 659 | 1 919 |
| Selling expenses | 17 | (1 654) | (1 521) | (531) | (555) |
| General and administrative expenses | 17 | (2 206) | (1 999) | (714) | (649) |
| Other operating income | 18 | 101 | 103 | 41 | 31 |
| Other operating expenses | 18 | (14) | (12) | (2) | (5) |
| Operating profit (losses) | | 417 | 1 247 | 453 | 741 |
| Finance income | 19 | 279 | 186 | 185 | 8 |
| Finance costs | 19 | (121) | (250) | (41) | (133) |
| Profit (losses) before tax | | 575 | 1 183 | 597 | 616 |
| Income tax | | 28 | (26) | 5 | (22) |
| Net profit (losses) | | 603 | 1 157 | 602 | 594 |
| Net profit (losses) attributable to: | | | | | |
| Equity shareholders of the Company | 20 | 584 | 1 141 | 595 | 586 |
| Non-controlling interest | | 19 | 16 | 7 | 8 |
| | | 603 | 1 157 | 602 | 594 |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods | | | | | |
| Foreign currency translation gain (loss) | | 45 | (20) | 44 | 30 |
| Net other comprehensive income to be reclassified to profit or loss in subsequent periods | | 45 | (20) | 44 | 30 |
| Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods | | | | | |
| Other comprehensive income (loss) | | (137) | 32 | (99) | 16 |
| Net other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods | | (137) | 32 | (99) | 46 |
| Other comprehensive income (loss) | | (92) | 12 | (55) | 46 |
| Total comprehensive income (loss) for the period | | 511 | 1 169 | 547 | 640 |
| Basic/dilutive earnings per share | 20 | 0,062 | 0,12 | 0,063 | 0,06 |

Statements of comprehensive income (cont'd)

Company

| | Notes | January-September | | July-September | |
|-------------------------------------|-------|-------------------|--------------|----------------|--------------|
| | | 2019 | 2018 | 2019 | 2018 |
| Sales | 15 | 20 790 | 21 151 | 7 038 | 8 150 |
| Cost of sales | 16 | (17 245) | (17 115) | (5 576) | (6 463) |
| Gross profit | | 3 545 | 4 036 | 1 462 | 1 687 |
| Selling expenses | 17 | (1 561) | (1 432) | (501) | (524) |
| General and administrative expenses | 17 | (1 629) | (1 531) | (524) | (490) |
| Other operating income | 18 | 39 | 42 | 20 | 10 |
| Other operating expenses | 18 | (10) | (7) | (1) | (2) |
| Operating profit (losses) | | 384 | 1 108 | 456 | 681 |
| Finance income | 19 | 1 337 | 80 | 1 247 | 25 |
| Finance costs | 19 | (125) | (120) | (42) | (42) |
| Profit (losses) before tax | | 1 596 | 1 068 | 1 661 | 664 |
| Income tax | | 19 | (27) | 3 | (23) |
| Net profit | 20 | 1 615 | 1 041 | 1 664 | 641 |

STATEMENTS OF CHANGES IN EQUITY

| Group | Share capital | Foreign currency translation reserve | Reserve for acquisition of own shares | Other reserve | Legal reserve | Revaluation surplus | Accumulated retained earnings/ (losses) | Total | Non-controlling interest | |
|--|---------------|--------------------------------------|---------------------------------------|---------------|---------------|---------------------|---|---------------|--------------------------|---------------|
| | | | | | | | | | terest | Total equity |
| Balance as of 30 september 2018 | 2 756 | 122 | 90 | (8) | 574 | 3 058 | 1 748 | 8 340 | 279 | 8 619 |
| Net profit (loss) for the year | - | - | - | - | - | - | (16) | (16) | (1) | (17) |
| Other comprehensive income | - | 814 | - | 4 | - | 1 304 | 396 | 2 518 | 41 | 2 559 |
| Total comprehensive income (loss) | - | 814 | - | 4 | - | 1 304 | 380 | 2 502 | 40 | 2 542 |
| Transfer of revaluation surplus to retained earnings | - | - | - | - | - | (22) | (22) | - | - | - |
| Balance as of 31 December 2018 | 2 756 | 936 | 90 | (4) | 574 | 4 340 | 2 150 | 10 842 | 319 | 11 161 |
| Net profit (loss) for the year | - | - | - | - | - | - | 584 | 584 | 19 | 603 |
| Other comprehensive income | - | 45 | - | 9 | - | - | (9) | 45 | (137) | (92) |
| Total comprehensive income (loss) | - | 45 | - | 9 | - | - | 575 | 629 | (118) | 511 |
| Transfer of revaluation surplus to retained earnings | - | - | - | - | - | (103) | 103 | - | - | - |
| Reserve for acquisition of own shares | - | - | 1 000 | - | - | - | (1 000) | - | - | - |
| Dividends paid | - | - | - | - | - | - | (950) | (950) | - | (950) |
| Balance as of 30 September 2019 | 2 756 | 981 | 1 090 | 5 | 574 | 4 237 | 878 | 10 521 | 201 | 10 722 |

| Company | Share capital | Legal reserve | Reserve for acquisition of own shares | Revaluation surplus | Others reserve | Accumulated retained earnings/ (losses) | Total |
|--|---------------|---------------|---------------------------------------|---------------------|----------------|---|---------------|
| | | | | | | | |
| Balance as of 30 september 2018 | 2 756 | 574 | - | 1 678 | (8) | 3 771 | 8 771 |
| Net profit (loss) for the year | - | - | - | - | - | (470) | (470) |
| Other comprehensive income (loss) | - | - | - | 638 | 4 | 417 | 1059 |
| Total comprehensive income (loss) | - | - | - | 638 | 4 | (53) | 589 |
| Transfer of revaluation surplus to retained earnings | - | - | - | (13) | - | 13 | - |
| Balance as of 31 December 2018 | 2 756 | 574 | - | 2 303 | (4) | 3 731 | 9 360 |
| Net profit (loss) for the year | - | - | - | - | - | 1 615 | 1 615 |
| Other comprehensive income (loss) | - | - | - | - | 9 | (9) | - |
| Total comprehensive income (loss) | - | - | - | - | 9 | 1 606 | 1 615 |
| Transfer of revaluation surplus to retained earnings | - | - | - | (44) | - | 44 | - |
| Reserve for acquisition of own shares | - | - | 1 000 | - | - | (1 000) | - |
| Dividends paid | - | - | - | - | - | (950) | (950) |
| Balance as of 30 September 2019 | 2 756 | 574 | 1 000 | 2 259 | (4) | 3 431 | 10 025 |

STATEMENTS OF CASH FLOWS

| | Group | | Company | |
|---|----------------------|--------------|----------------------|--------------|
| | 30 September 2019 | 2018 | 30 September 2019 | 2018 |
| Cash flows from operating activities | | | | |
| Profit (loss) for the period | 604 | 1 157 | 1 614 | 1 041 |
| Adjustments for non-cash items: | | | | |
| Depreciation and amortization | 698 | 623 | 495 | 478 |
| (Gain) on disposal of property, plant and equipment and investment property | (10) | 2 | (11) | - |
| Impairment and write-off of i accounts receivable and inventories | 67 | 119 | 67 | 120 |
| Interest expense, net of interest income | 85 | 84 | 57 | 55 |
| Income tax (income) expense | (28) | 26 | (19) | 27 |
| Changes in working capital: | (545) | (377) | (515) | (346) |
| (Increase) decrease in inventories | 439 | (542) | 502 | (374) |
| (Increase) decrease in trade receivables | - | - | (141) | (140) |
| (Increase) decrease in other receivables and other current assets | 125 | 191 | 57 | 105 |
| (Increase) decrease in trade and other accounts payable | 307 | (1 645) | 90 | (1 425) |
| Increase (decrease) in taxes payable and other current liabilities | (121) | 465 | 134 | 504 |
| Income tax (paid) | (12) | (19) | (12) | (19) |
| Net cash generated from operating activities | 1 609 | 84 | 2 318 | 26 |
| Cash flows from investing activities | | | | |
| Acquisition of property, plant and equipment | (893) | (571) | (822) | (524) |
| Acquisition of intangible assets | (11) | (15) | (11) | (15) |
| Proceeds from sale of property, plant and equipment | 10 | (2) | 11 | - |
| Dividends received | - | - | 46 | 13 |
| Interest received | - | - | 45 | 45 |
| Net cash flows generated from (to) investing activities | (894) | (588) | (731) | (481) |
| Cash flows from financing activities | | | | |
| Proceeds from borrowings | 4 917 | 1 302 | 5 367 | 1 502 |
| Repayment of borrowings and financial lease payments | (5 492) | (759) | (6 792) | (959) |
| Share capital reduction income | (139) | - | - | - |
| Dividends paid | (57) | - | (57) | - |
| Interest paid | (85) | (84) | (102) | (101) |
| Net cash flows from financing activities | (856) | 459 | (1 584) | 442 |
| Net increase in cash and cash equivalents | (141) | (45) | 3 | (13) |
| Cash and cash equivalents at the beginning of the period | 703 | 675 | 120 | 205 |
| Cash and cash equivalents at the end of the period | 562 | 630 | 123 | 192 |

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

1. General information

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

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

As of 30 September 2019 and 31 December 2018 the shareholders of the Company were as follows:

| | As of 30 September 2019 | | As of 31 December 2018 | |
|--------------------|--------------------------------|-------------------------|-------------------------------|-------------------------|
| | Number of shares held | Interest held(%) | Number of shares held | Interest held(%) |
| Koncernas SBA UAB | 7 822 | 82.31 | 7 822 | 82.31 |
| Algirdas Šabūnas | 950 | 10.00 | 950 | 10.00 |
| Other shareholders | 731 | 7.69 | 731 | 7.69 |
| | 9 503 | 100.00 | 9 503 | 100.00 |

All the shares are registered ordinary shares with a par value of EUR 0.29 each. As of 30 September 2019 and 31 December 2018 subsidiaries did not hold any shares of the Company. The Company did not hold its own shares within this period.

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

| | | Group's share (%) | | |
|---------------|---|--------------------------|-------------------------|--------------------------------|
| | Registered address | 30 September 2019 | 31 December 2018 | Profile |
| Šatrija AB | Šatrijos str. 3, Raseiniai | 89.78 | 89.78 | Sewing of clothes |
| Gotija UAB | Laisvės Str. 33, Kaunas | 100.00 | 100.00 | Retail trade |
| PAT MTF Mrija | Matrosovo Str. 13, Mukachev, Ukraine | 98.95 | 98.95 | Production of knitted articles |

2. Form and contents of the financial statements

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

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

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

4. Consolidation

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

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

5. Financial risk factors

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

Amount of monetary items attributed to net investment amounts to EUR 3.5 million and foreign currency exchange difference related to this amount for the 9 months of 2019 comprises EUR 44 thousand, which is accounted in the Group's consolidated financial statements through other comprehensive income.

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

| | |
|---|---------------|
| Foreign currency exchange difference on monetary items attributed to net investments, EUR | (627 372) |
| Foreign currency translation reserve on other items, EUR | 671 742 |
| Other comprehensive income EUR, net | 44 370 |

6. Segment information

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

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

Below, there is a summary of major indicators for the main business segments of the Group included in the statement of comprehensive income for the 9 months of 2019 and for the 9 months of 2018:

| of 30 September 2019 | Production of knitted articles | Production of functional- technical garments | Eliminations | Total |
|-----------------------------|---|---|---------------------|---------------|
| External sales | 20 887 | 2 772 | - | 23 659 |
| Internal sales | 766 | - | (766) | - |
| Total revenue | 21 653 | 2 772 | (766) | 23 659 |
| Gross profit | 3 623 | 567 | - | 4 190 |
| EBITDA | 836 | 280 | - | 1 116 |
| Profit (loss) | 408 | 195 | - | 603 |

| of 30 September 2018 | Production of knitted articles | Production of functional- technical garments | Eliminations | Total |
|-----------------------------|---|---|---------------------|---------------|
| External sales | 21 231 | 2 442 | - | 23 673 |
| Internal sales | 711 | - | (711) | - |
| Total revenue | 21 942 | 2 442 | (711) | 23 673 |
| Gross profit | 4 162 | 514 | - | 4 676 |
| EBITDA | 1 572 | 298 | - | 1 870 |
| Profit (loss) | 949 | 208 | - | 1 157 |

7. Non-current intangible assets

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

8. Non-current tangible assets

Depreciation of non-current tangible property amounted to EUR 698 thousand as of 30 September 2019, EUR 551 thousand are included into cost of sales in the Group's Profit (loss) statement. The remaining amounts were included in general and administrative expenses and inventories in the statement of financial position.

As of 30 September 2019 and 31 December 2018 the Companies' and the Group's Non-current assets Buildings group is recognized at fair value.

9. Inventories

| | Group | | Company | |
|-------------------------------------|--------------|--------------|--------------|--------------|
| | 2019.09.30 | 2018.12.31 | 2019.09.30 | 2018.12.31 |
| Raw materials | 3 994 | 3 243 | 3 615 | 3 240 |
| Work in progress | 1 027 | 1 535 | 1 020 | 1 161 |
| Finished goods | 2 149 | 1 885 | 2 107 | 1 848 |
| Goods for resale | 73 | 58 | - | - |
| | 7 243 | 6 721 | 6 742 | 6 249 |
| Write-down to net realisable value: | | | | |
| Opening balance | (894) | (795) | (571) | (471) |
| Change | - | (99) | - | (100) |
| Closing balance | (894) | (894) | (571) | (571) |
| | 6 349 | 5 827 | 6 171 | 5 678 |

10. Trade receivables

| | Group | | Company | |
|----------------------------------|--------------|--------------|--------------|--------------|
| | 2019.09.30 | 2018.12.31 | 2019.09.30 | 2018.12.31 |
| Trade receivables, gross | 4 569 | 5 032 | 4 053 | 4 578 |
| Allowance for trade receivables: | | | | |
| Opening balance | (197) | (193) | (170) | (166) |
| Change | (20) | (4) | (20) | (4) |
| Closing balance | (217) | (197) | (190) | (170) |
| | 4 352 | 4 835 | 3 863 | 4 408 |

Changes in impairment allowance for doubtful trade receivables as of 30 September 2019 and 31 December 2018 were recorded within the Group's and Company's general and administrative expenses.

11. Cash and cash equivalents

| | Group | | Company | |
|--------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2019.09.30 | 2018.12.31 | 2019.09.30 | 2018.12.31 |
| Cash at bank and on hand | 562 | 703 | 123 | 120 |
| | 562 | 703 | 123 | 120 |

12. Other reserves and retained earnings (deficit)
Revaluation surplus

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

Legal reserve

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

Foreign currency translation reserve

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

Reserve for acquisition of own shares

2019 m. april according to the shareholders of AB Utenos trikotažas a reserve of 1 000 thousand EUR was formed for acquisition of own shares.

Cash flow hedge reserve

The Company's loan with DNB Bankas AB is with floating interest rate that is linked to EURIBOR. On 26 November 2014 the Company signed interest rate swap contract with DNB Bankas AB in order to avoid the interest rate fluctuations. The agreement is valid until 25 November 2019. The fair value of interest rate swap contract used for interest rate risk hedging was EUR 3 thousand as of 30 September 2019 and EUR 13 thousand as of 31 December 2018 accounted under non-current.

Accumulated retained earnings (losses)

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

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

The balances of other reserves as of 30 September 2019 and 31 December 2018 were as follows:

| | Group | | Company | |
|---|--------------|--------------|--------------|--------------|
| | 2019.09.30 | 2018.12.31 | 2019.09.30 | 2018.12.31 |
| Revaluation surplus | 4 237 | 4 340 | 2 259 | 2 303 |
| Legal reserve | 574 | 574 | 574 | 574 |
| Reserve for acquisition of own shares | 1 090 | 90 | 1 000 | - |
| Foreign currency translation reserve | 981 | 936 | - | - |
| Cash flow hedge reserve | 5 | (4) | 5 | (4) |
| Accumulated retained earnings/ (losses) | 878 | 2 150 | 3 431 | 3 731 |
| | 7 765 | 8 086 | 7 269 | 6 604 |

13. Borrowings

| | Group | | Company | |
|--|--------------|--------------|--------------|--------------|
| | 2019.09.30 | 2018.12.31 | 2019.09.30 | 2018.12.31 |
| Current | | | | |
| Current portion of non-current bank borrowings | 567 | 2 871 | 567 | 2 871 |
| Other current liabilities | 731 | 1 239 | 731 | 1 240 |
| | 1 298 | 4 110 | 1 298 | 4 111 |
| Non-current | | | | |
| Borrowings from subsidiaries | - | - | 350 | 1 200 |
| Long-term bank borrowings | 2 433 | 379 | 2 433 | 379 |
| Other current liabilities | 185 | - | 185 | - |
| | 2 618 | 379 | 2 968 | 1 579 |
| Total borrowings | 3 916 | 4 489 | 4 266 | 5 690 |

The Company's borrowings from subsidiaries consist of the loan granted by subsidiary Satrija AB, amounting EUR 350 thousand with maturity as at 26 November 2021 and variable interest rate 12 month Euribor + 1.9 %.

As at 28 March 2019, the Company has signed a long-term credit agreement and an overdraft agreement with OP Corporate Bank plc Lithuania. The main purpose of these loans of EUR 5 000 thousand is to refinance the Company's liabilities to AB Luminor bank. The amount of the long-term credit is EUR 2 433 thousand with the maturity term effective until 29 February 2024.

As at 30 September 2019, overdraft agreement amounting EUR 693 thousand.

As at 30 September 2019 and at 31 December 2018 the bank borrowings were secured by property plant and equipment. The interest rate for the borrowings is based on variable interest rate, therefore, in the opinion of management, the carrying amount of borrowings approximates their fair value.

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

14. Accrued expenses and other current liabilities

| | Group | | Company | |
|---|--------------|--------------|--------------|--------------|
| | 2019.09.30 | 2018.12.31 | 2019.09.30 | 2018.12.31 |
| Accrual for vacation reserve | 1 130 | 1 235 | 745 | 778 |
| Wages, salaries and social security | 658 | 634 | 464 | 553 |
| Amounts payable for services and non-current assets | 487 | 368 | 475 | 367 |
| Taxes payable, except for income tax | 270 | 204 | 236 | 176 |
| Prepayments received | 87 | 94 | 86 | 115 |
| Other liabilities | 566 | 337 | 269 | 122 |
| | 3 198 | 2 872 | 2 275 | 2 111 |

15. Revenue

| | Group | | | Company | | |
|---|---------------|---------------|--------------|---------------|---------------|--------------|
| | 2019 9M | 2018 9M | Change % | 2019 9M | 2018 9M | Change % |
| Revenue (EUR '000) | | | | | | |
| Products manufactured on demand of other clients | 18 038 | 18 624 | (3,1) | 18 038 | 18 624 | (3,1) |
| Own brands (ABOUT, UTENOS) | 2 849 | 2 607 | 9,3 | 2 752 | 2 527 | 8,9 |
| Services of functional-technical garments manufacture | 2 772 | 2 442 | 13,5 | - | - | - |
| | 23 659 | 23 673 | (0,1) | 20 790 | 21 151 | (1,7) |

| | Group | | | Company | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2019 III Q | 2018 III Q | Change % | 2019 III Q | 2018 III Q | Change % |
| Revenue (EUR '000) | | | | | | |
| Products manufactured on demand of other clients | 6 073 | 7 251 | (16,2) | 6 073 | 7 251 | (16,2) |
| Own brands (ABOUT, UTENOS) | 997 | 930 | 7,2 | 965 | 899 | 7,3 |
| Services of functional-technical garments manufacture | 859 | 928 | (7,4) | - | - | - |
| | 7 929 | 9 109 | (13,0) | 7 038 | 8 150 | (13,6) |

16. Cost of sales

| Group | January-September | | July-September | |
|--|-------------------|---------------|----------------|--------------|
| | 2019 | 2018 | 2019 | 2018 |
| Wages and salaries and social security | 7 739 | 7 149 | 2 539 | 2 874 |
| Materials | 8 124 | 8 661 | 2 585 | 3 114 |
| Other overhead expenses | 3 055 | 2 702 | 967 | 1 040 |
| Depreciation and amortisation | 551 | 485 | 179 | 162 |
| | 19 469 | 18 997 | 6 270 | 7 190 |

| Company | January-September | | July-September | |
|--|-------------------|---------------|----------------|--------------|
| | 2019 | 2018 | 2019 | 2018 |
| Wages and salaries and social security | 5 598 | 5 268 | 1 859 | 2 047 |
| Materials | 7 769 | 8 325 | 2 489 | 3 075 |
| Other overhead expenses | 3 496 | 3 157 | 1 098 | 1 220 |
| Depreciation and amortisation | 382 | 365 | 130 | 121 |
| | 17 245 | 17 115 | 5 576 | 6 463 |

18. Other income and expenses
Group

| | January-September | | July-September | |
|--|-------------------|-------------|----------------|------------|
| | 2019 | 2018 | 2019 | 2018 |
| Gain from disposal of non-current assets | 10 | - | 10 | - |
| Rent income | 15 | 13 | 5 | 4 |
| Other income | 76 | 90 | 26 | 27 |
| Other income | 101 | 103 | 41 | 31 |
| Rent costs | (12) | (9) | (2) | (3) |
| Other expenses | (2) | (3) | - | (2) |
| Other expenses | (14) | (12) | (2) | (5) |

Company

| | January-September | | July-September | |
|--|-------------------|------------|----------------|------------|
| | 2019 | 2018 | 2019 | 2018 |
| Gain from disposal of non-current assets | 11 | - | 10 | - |
| Rent income | 11 | 10 | 4 | 3 |
| Other income | 17 | 32 | 6 | 7 |
| Other income | 39 | 42 | 20 | 10 |
| Rent costs | (10) | (6) | (1) | (2) |
| Other expenses | - | (1) | - | - |
| Other expenses | (10) | (7) | (1) | (2) |

19. Finance costs, net
Group

| | January-September | | July-September | |
|------------------------------|-------------------|-------------|----------------|--------------|
| | 2019 | 2018 | 2019 | 2018 |
| Foreign exchange gain (loss) | 243 | 20 | 177 | (85) |
| Interest expenses | (85) | (84) | (33) | (30) |
| Interest income | - | - | - | (10) |
| | 158 | (64) | 144 | (125) |

Company

| | January-September | | July-September | |
|--------------------------------|-------------------|-------------|----------------|-------------|
| | 2019 | 2018 | 2019 | 2018 |
| Foreign exchange gain (loss) | - | 6 | (2) | 5 |
| Interest expenses | (102) | (101) | (31) | (37) |
| Interest income | 45 | 45 | 15 | 15 |
| Dividends | 1 269 | 10 | 1 223 | - |
| Share capital reduction income | - | - | - | - |
| | 1 212 | (40) | 1 205 | (17) |

20. Basic/dilutive earnings per share

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

| Group | January-September | | July-September | |
|--|-------------------|-------------|----------------|-------------|
| | 2019 | 2018 | 2019 | 2018 |
| Profit/ (loss) attributable to the equity holders of the Group | 584 | 1 141 | 595 | 586 |
| Weighted average number of shares in issue (thousand) | 9 503 | 9 503 | 9 503 | 9 503 |
| Basic/dilutive earnings per share (in EUR) | 0.06 | 0.12 | 0.06 | 0.06 |

21. Post balance sheet events

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