


28 February 2018  
Vilnius

## CONFIRMATION OF THE COMPANY'S RESPONSIBLE PERSONS

Hereby we confirm, that by our knowledge Consolidated Interim Financial Statements for the twelve 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 Bačauskas

KIRTIMŲ G. 51  
LT-02244 VILNIUS

ELEKTRONINIS PAŠTAS  
INFO@APRANGA.LT

TELEFONAS  
(5) 2390800

FAKSAS  
(5) 2390800

BENDROVĖS KODAS  
121933274

PVM MOKĖTOJO KODAS  
LT 219332716

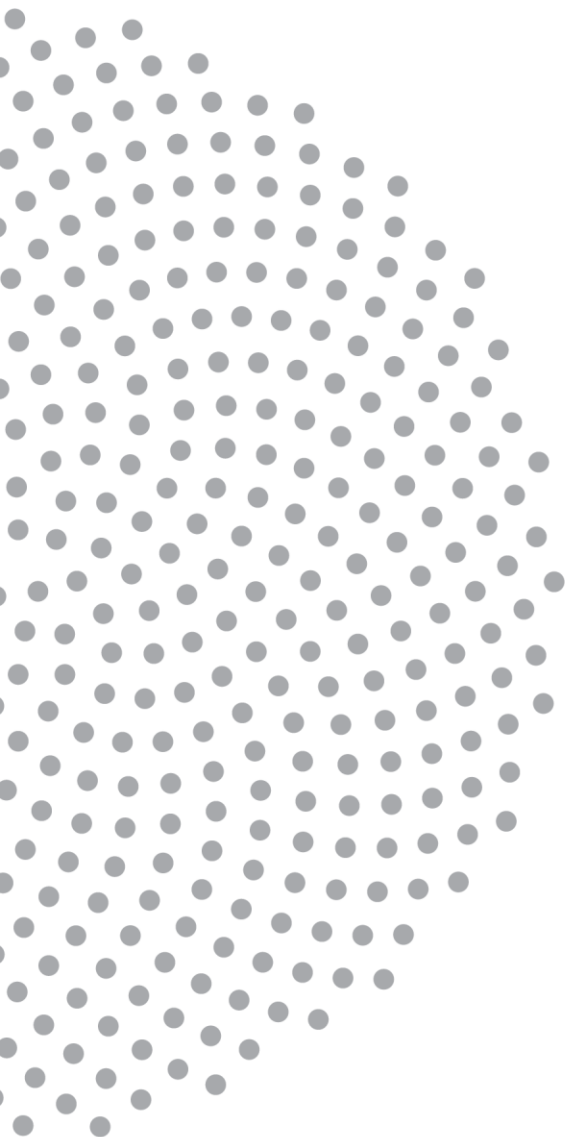
AB „SEB BANKAS“  
VILNIAUS FILIALAS

BANKO KODAS  
70440

ATSISKAITOMOJI SĄSKAITA  
LT04 7044 0600 0090 8237

VALIUTINĖ SĄSKAITA  
LT50 7044 0600 0090 8282

LR ĮMONIŲ REJESTRAS  
VALSTYBĖS ĮMONĖS REGISTRŲ CENTRAS  
VILNIAUS FILIALAS  
ŠVITRIGAILOS G. 7, VILNIUS



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**APRANGA APB** Consolidated  
and Company's Financial Statements,  
Consolidated Annual Report and Independent  
Auditor's Report for the year ended 31 December 2017

**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 222.9 million in January through December 2017 or by 4.0% more than in 2016. The retail turnover (including VAT) of Apranga Group has made EUR 63.5 million in 4th quarter 2017 or by 5.1% more than in 2016.

According to EUROSTAT data, the retail trade (except of motor vehicles, motorcycles and fuel) in Baltic States during the 12 months 2017 grew the most in Latvia (+4%) and Lithuania (+4%). In Estonia the retail trade growth was slower at around +2%. In the fourth quarter 2017 the retail trade growth was +4% in Lithuania, +6% in Latvia, and +1% in Estonia. European Union (28 countries) retail trade grew by 2% in last quarter 2017, and increased by 3% in 12 months 2017 (the year before retail trade also grew by 3%).

The retail turnover of the Group's stores by countries during 12 months of 2017 was (EUR thousand, VAT included):

Country	12 months 2017	12 months 2016	12 months 2015	2017/2016, %	2017/2015, %
Lithuania	130 630	126 759	120 801	3,1%	8,1%
Latvia	52 850	51 112	48 513	3,4%	8,9%
Estonia	39 371	36 324	29 609	8,4%	33,0%
<b>Total:</b>	<b>222 851</b>	<b>214 195</b>	<b>198 923</b>	<b>4,0%</b>	<b>12,0%</b>

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

Country	Q4 2017	Q4 2016	Q4 2015	2017/2016, %	2017/2015, %
Lithuania	38 102	36 849	35 332	3,4%	7,8%
Latvia	14 686	13 782	13 549	6,6%	8,4%
Estonia	10 697	9 765	8 120	9,5%	31,7%
<b>Total:</b>	<b>63 486</b>	<b>60 396</b>	<b>57 001</b>	<b>5,1%</b>	<b>11,4%</b>

The retail turnover of the Group's stores by chains during 12 months 2017 was as follows (EUR thousand, VAT included):

Chain	12 months 2017	12 months 2016	12 months 2015	2017/2016, %	2017/2015, %
Economy <sup>1</sup>	31 312	30 754	31 201	1,8%	0,4%
Youth <sup>2</sup>	44 288	43 793	43 794	1,1%	1,1%
Footwear	6 216	6 500	7 219	-4,4%	-13,9%
Business <sup>3</sup>	39 781	37 502	32 598	6,1%	22,0%
Luxury <sup>4</sup>	23 503	23 886	24 062	-1,6%	-2,3%
Zara	66 816	61 899	51 120	7,9%	30,7%
Outlets	10 935	9 862	8 928	10,9%	22,5%
<b>Total</b>	<b>222 851</b>	<b>214 195</b>	<b>198 923</b>	<b>4,0%</b>	<b>12,0%</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-December 2016, Zara and Business chain's turnover increased mostly (respectively by 21.1% and 15.0%). In the two-year period, highest increases were recorded also by the same Zara, Outlets and Business chains (respectively by 30.7%, 22.5% and 22.0%).

**APB APRANGA**, company's code 121933274, Kirtimu 51, Vilnius  
**REVIEW OF ACTIVITY OF THE GROUP COMPANIES**  
**FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2017**  
(all tabular amounts are in EUR thousands unless otherwise stated)

In 2013-2017 the dynamics of the number of stores and sales area was as follows:

	<b>31 12 2013</b>	<b>31 12 2014</b>	<b>31 12 2015</b>	<b>31 12 2016</b>	<b>31 12 2017</b>
The number of stores	148	161	169	183	182
Stores area (thousand sq. m.)	69,7	73,2	78,6	83,6	84,3

During the 12 months of 2017 Apranga Group opened 6 stores, reconstructed 6 and closed 7 stores. The total capital expenditure of the Group amounted to EUR 7.2 million in 2017 (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:

<b>Country</b>	<b>31 12 2017</b>	<b>31 12 2016</b>	<b>31 12 2015</b>	<b>2017/2016, %</b>
Lithuania	107	107	100	0,0%
Latvia	46	47	45	-2,1%
Estonia	29	29	24	0,0%
<b>Total:</b>	<b>182</b>	<b>183</b>	<b>169</b>	<b>-0,5%</b>

The number of stores by chains was as follows:

<b>Chain</b>	<b>31 12 2017</b>	<b>31 12 2016</b>	<b>Change</b>
Economy	36	33	9,1%
Youth	44	47	-6,4%
Footwear	15	15	0,0%
Business	39	40	-2,5%
Luxury	27	27	0,0%
Zara	12	12	0,0%
Outlets	9	9	0,0%
<b>Total</b>	<b>182</b>	<b>183</b>	<b>-0,5%</b>

The total *sales area* operated by the Group has increased by 0.7% or by 0.7 thousand sq. m. during the 12 months period until 31 December 2017. Sales area increased most in Estonia (6.1%).

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

<b>Country</b>	<b>31 12 2017</b>	<b>31 12 2016</b>	<b>31 12 2015</b>	<b>2017/2016, %</b>
Lithuania	49,6	49,5	47,4	0,2%
Latvia	20,4	20,7	20,5	-1,5%
Estonia	14,3	13,5	10,7	6,1%
<b>Total:</b>	<b>84,3</b>	<b>83,6</b>	<b>78,6</b>	<b>0,7%</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 16.5 million of *profit before income tax* in 12 months 2017, while profit before taxes amounted to EUR 13.3 million for 12 months 2016 (+24.0%). In 4<sup>th</sup> quarter the profit before income tax increased by 3.1% from EUR 3.8 million in 2016 to EUR 3.9 million in 2017.

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

EBITDA of the Group was EUR 23.1 million for 12 months 2017, and it was EUR 19.5 million in corresponding previous year period. EBITDA margin has increased from 11.3% to 12.7% during the year. The current ratio of the Group stayed almost the same as the year ago and was 2.9 times.

<b>Main Group Indicators</b>	<b>12 months 2017</b>	<b>12 months 2016</b>	<b>12 months 2015</b>
Net sales, EUR thousand	182 265	172 592	158 748
Net sales in foreign markets, EUR thousand	75 157	70 068	62 205
Like-to-like sales, %	0,5%	1,7%	1,6%
Gross profit, EUR thousand	81 783	78 203	72 487
Gross margin, %	44,9%	45,3%	45,7%
Operating profit, EUR thousand	16 570	13 372	12 522
Operating profit margin, %	9,1%	7,7%	7,9%
EBT, EUR thousand	16 547	13 340	12 433
EBT margin, %	9,1%	7,7%	7,8%
Profit for the period, EUR thousand	13 844	11 160	10 399
Profit for the period margin, %	7,6%	6,5%	6,6%
EBITDA, EUR thousand	23 067	19 529	18 391
EBITDA margin, %	12,7%	11,3%	11,6%
Return on equity (end of the period), %	23,6%	20,8%	21,2%
Return on assets (end of the period), %	17,3%	15,6%	15,2%
Net debt to equity*, %	-10,9%	-9,3%	3,2%
Current ratio, times	2,9	2,8	2,8

\* (Interest bearing liabilities less cash) / Equity

<b>Main Group Indicators</b>	<b>Q4 2017</b>	<b>Q4 2016</b>	<b>Q4 2015</b>
Net sales, EUR thousand	52 222	49 090	45 470
Net sales in foreign markets, EUR thousand	20 975	18 906	17 243
Like-to-like sales, %	2,9%	-0,3%	4,8%
Gross profit, EUR thousand	24 095	23 213	21 925
Gross margin, %	46,1%	47,3%	48,2%
Operating profit, EUR thousand	3 953	3 835	4 139
Operating profit margin, %	7,6%	7,8%	9,1%
EBT, EUR thousand	3 945	3 828	4 117
EBT margin, %	7,6%	7,8%	9,1%
Profit for the period, EUR thousand	3 322	3 242	3 501
Profit for the period margin, %	6,4%	6,6%	7,7%
EBITDA, EUR thousand	5 543	5 416	5 634
EBITDA margin, %	10,6%	11,0%	12,4%
Return on equity (end of the period), %	5,7%	6,1%	7,1%
Return on assets (end of the period), %	4,2%	4,5%	5,1%
Net debt to equity*, %	-10,9%	-9,3%	3,2%
Current ratio, times	2,9	2,8	2,8

\* (Interest bearing liabilities less cash) / Equity

The *operating expenses* of the Group totaled EUR 68.7 million for 12 months 2017 and increased by 6.0% during the year, or a bit more than sales, which grew by 5.6%. The finance costs of the Group were EUR 0.02 million in 12 months 2017. The Group had EUR 1.4 million of financial debts at the end of the reporting period (The Group had no financial debts at the end of the year 2016).

<b>Main Group Indicators</b>	<b>12 months 2017</b>	<b>12 months 2016</b>	<b>Change</b>
Net sales, EUR thousand	182 265	172 592	5,6%
Net sales in foreign markets, EUR thousand	75 157	70 068	7,3%
Gross profit, EUR thousand	81 783	78 203	4,6%
Operating expenses	(68 708)	(64 831)	6,0%
Operating profit, EUR thousand	16 570	13 372	23,9%
EBT, EUR thousand	16 547	13 340	24,0%
Profit for the period, EUR thousand	13 844	11 160	24,1%
EBITDA, EUR thousand	23 067	19 529	18,1%

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**REVIEW OF ACTIVITY OF THE GROUP COMPANIES**  
**FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2017**  
(all tabular amounts are in EUR thousands unless otherwise stated)

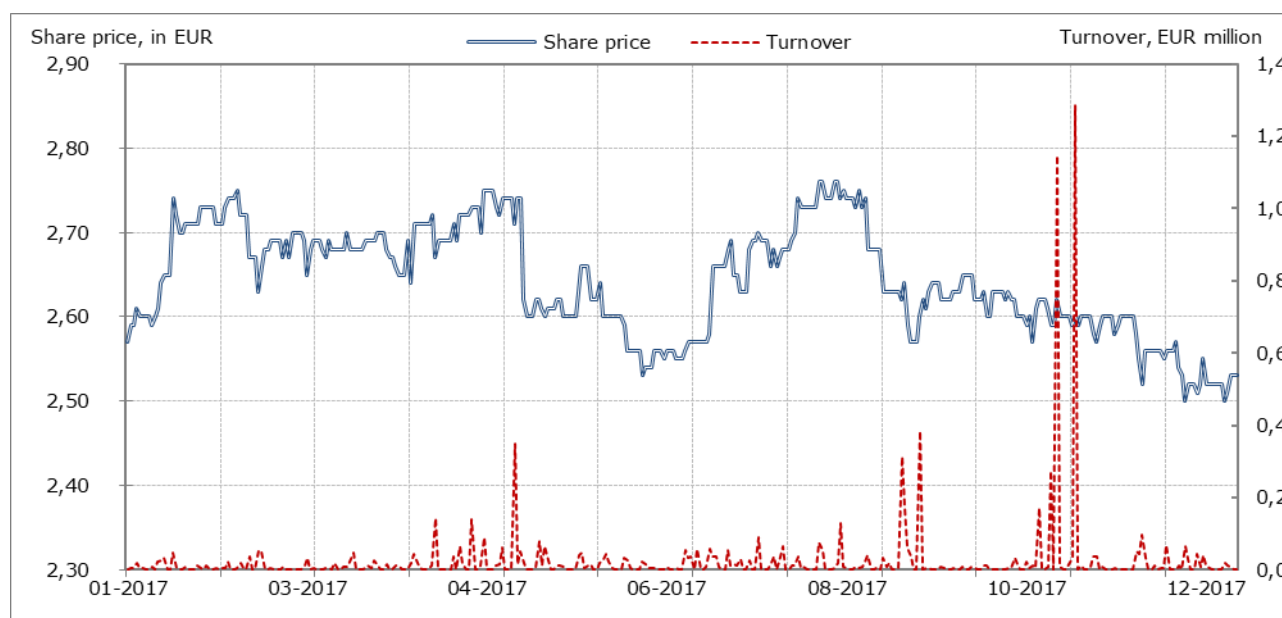
<b>Main Group Indicators</b>	<b>Q4 2017</b>	<b>Q4 2016</b>	<b>Change</b>
Net sales, EUR thousand	52 222	49 090	6,4%
Net sales in foreign markets, EUR thousand	20 975	18 906	10,9%
Gross profit, EUR thousand	24 095	23 213	3,8%
Operating expenses	(20 142)	(19 378)	3,9%
Operating profit, EUR thousand	3 953	3 835	3,1%
EBT, EUR thousand	3 945	3 828	3,1%
Profit for the period, EUR thousand	3 322	3 242	2,5%
EBITDA, EUR thousand	5 543	5 416	2,3%

The Group's level of inventories during the year grew by 7.8% (the increase from EUR 35.5 million to EUR 38.2 million). Company's inventories grew by 3.7%. The growth of inventories was a bit stronger than the rise in turnover.

*The number of employees* during the year till 31 December 2017 in the Group has increased by 56 to 2 168 (+2.7%), and has increased in Company by 6 to 783 (+0.8%). During the 4<sup>th</sup> quarter 2017 the number of employees increased by 51 (+2.4%) in the Group, and increased by 25 (+3.3%) in the Company.

*The price of the Company share* during 12 months 2017 decreased from EUR 2.57 per share to EUR 2.53 per share (-1.6%). The maximum share price during the twelve months period was EUR 2.77 per share, minimum share price - EUR 2.50 per share. The market capitalization of the Company decreased from EUR 142 million at the beginning of the year to EUR 140 million at the end of December 2017. The weighted average price of 1 share during the reporting period was EUR 2.62. Company's share turnover was EUR 8.5 million for 12 months 2017.

Apranga APB share price for 12 months period from 1<sup>st</sup> January 2016 to 31<sup>st</sup> December 2017:





Information about members of the Management board on 31 December 2017:

<b>Name, Surname</b>	<b>Position</b>	<b>Number of shares owned and part in the share capital</b>	<b>Election date</b>	<b>End of term</b>
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	
		12 months 2017	12 months 2016	12 months 2017	12 months 2016
Revenue	3	182 265	172 592	72 389	69 894
Cost of sales		(100 482)	(94 389)	(47 332)	(44 628)
<b>Gross profit</b>		<b>81 783</b>	<b>78 203</b>	<b>25 057</b>	<b>25 266</b>
Operating expenses		(69 378)	(65 579)	(27 470)	(26 684)
Other income	6	4 124	751	16 649	13 434
Net foreign exchange gain (loss)		41	( 3)	43	( 3)
<b>Operating profit (loss)</b>		<b>16 570</b>	<b>13 372</b>	<b>14 279</b>	<b>12 013</b>
Finance costs	7	( 23)	( 32)	( 23)	( 32)
<b>Profit (loss) before income tax</b>		<b>16 547</b>	<b>13 340</b>	<b>14 256</b>	<b>11 981</b>
Income tax expense		(2 703)	(2 180)	( 963)	( 539)
<b>Profit (loss) for the year</b>	3	<b>13 844</b>	<b>11 160</b>	<b>13 293</b>	<b>11 442</b>
<b>Other comprehensive income</b>		-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>13 844</b>	<b>11 160</b>	<b>13 293</b>	<b>11 442</b>
<b>Basic and diluted earnings per share (in EUR)</b>		<b>0,25</b>	<b>0,20</b>	<b>0,24</b>	<b>0,21</b>

	Note	Group		Company	
		Q4 2017	Q4 2016	Q4 2017	Q4 2016
Revenue	3	52 222	49 090	20 058	18 899
Cost of sales		(28 127)	(25 877)	(12 140)	(10 844)
<b>Gross profit</b>		<b>24 095</b>	<b>23 213</b>	<b>7 918</b>	<b>8 055</b>
General and administrative expenses		(20 317)	(19 640)	(8 209)	(8 259)
Other income	6	175	274	1 642	1 935
Net foreign exchange gain (loss)		-	( 12)	1	( 12)
<b>Operating profit (loss)</b>		<b>3 953</b>	<b>3 835</b>	<b>1 352</b>	<b>1 719</b>
Finance costs	7	( 8)	( 7)	( 8)	( 7)
<b>Profit (loss) before income tax</b>		<b>3 945</b>	<b>3 828</b>	<b>1 344</b>	<b>1 712</b>
Income tax expense		( 623)	( 586)	( 208)	( 267)
<b>Profit (loss) for the year</b>	3	<b>3 322</b>	<b>3 242</b>	<b>1 136</b>	<b>1 445</b>
<b>Other comprehensive income</b>		-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>3 322</b>	<b>3 242</b>	<b>1 136</b>	<b>1 445</b>
<b>Basic and diluted earnings per share (in EUR)</b>		<b>0,06</b>	<b>0,06</b>	<b>0,02</b>	<b>0,03</b>

## BALANCE SHEET

	Note	Group		Company	
		31 12 2017	31 12 2016	31 12 2017	31 12 2016
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4, 6	24 407	25 197	14 551	15 113
Intangible assets	4	252	386	204	249
Investments in subsidiaries	5	-	-	4 813	4 798
Prepayments		685	411	68	68
Trade and other receivables		9	18	9	18
		<b>25 353</b>	<b>26 012</b>	<b>19 645</b>	<b>20 246</b>
<b>Current assets</b>					
Inventories		38 233	35 469	20 141	19 429
Available for sale financial assets		1 598	1 602	1 598	1 602
Non-current assets held for sale		324	324	324	324
Prepayments		1 250	833	951	781
Trade and other receivables		5 332	2 360	14 625	11 623
Cash and cash equivalents		7 763	4 976	4 799	3 055
		<b>54 500</b>	<b>45 564</b>	<b>42 438</b>	<b>36 814</b>
<b>TOTAL ASSETS</b>	<b>3</b>	<b>79 853</b>	<b>71 576</b>	<b>62 083</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		40 982	35 985	29 519	25 073
		<b>58 568</b>	<b>53 571</b>	<b>47 158</b>	<b>42 712</b>
<b>Non-current liabilities</b>					
Borrowings	7	1 100	-	1 100	-
Deferred tax liabilities		959	1 125	202	361
Other liabilities		478	443	478	443
		<b>2 537</b>	<b>1 568</b>	<b>1 780</b>	<b>804</b>
<b>Current liabilities</b>					
Borrowings	7	300	-	5 334	6 977
Current income tax liability		990	332	588	80
Trade and other payables		17 458	16 105	7 223	6 487
		<b>18 748</b>	<b>16 437</b>	<b>13 145</b>	<b>13 544</b>
<b>Total liabilities</b>		<b>21 285</b>	<b>18 005</b>	<b>14 925</b>	<b>14 348</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>79 853</b>	<b>71 576</b>	<b>62 083</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 12 months 2016	<b>3</b>				11 160	11 160
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>11 160</b>	<b>11 160</b>
<b>Transactions with owners</b>						
The difference arising from the conversion of share capital into euros			3		( 3)	-
Dividends paid					(6 635)	(6 635)
<b>Balance at 31 December 2016</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 12 months 2017	<b>3</b>				13 844	13 844
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>13 844</b>	<b>13 844</b>
<b>Transactions with owners</b>						
Dividends paid	<b>9</b>				(8 847)	(8 847)
<b>Balance at 31 December 2017</b>		<b>16 035</b>	<b>1 604</b>	<b>( 53)</b>	<b>40 982</b>	<b>58 568</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 12 months 2016				11 442	11 442
<b>Transactions with owners</b>					
Difference arising from the conversion of share capital into euros		-	3	( 3)	-
Dividends paid				(6 635)	(6 635)
<b>Balance at 31 December 2016</b>		<b>16 035</b>	<b>1 604</b>	<b>25 073</b>	<b>42 712</b>
<b>Comprehensive income</b>					
Profit for the 12 months 2017				13 293	13 293
<b>Transactions with owners</b>					
Dividends paid	<b>9</b>			(8 847)	(8 847)
<b>Balance at 31 December 2017</b>		<b>16 035</b>	<b>1 604</b>	<b>29 519</b>	<b>47 158</b>

## STATEMENTS OF CASH FLOW

	Note	Group		Company	
		12 months 2017	12 months 2016	12 months 2017	12 months 2016
<b>OPERATING ACTIVITIES</b>					
Profit (loss) before income taxes		16 547	13 340	14 256	11 981
Adjustments for:					
Depreciation and amortization		6 497	6 157	2 791	2 816
Impairment charge (reverse)		( 47)	395	( 56)	299
Change in allowances for slow-moving inventories		187	183	189	108
(Gain) Loss on disposal of property, plant and equipment	6	(3 506)	( 10)	(3 506)	( 4)
Write-off of property, plant and equipment		146	11	99	9
Dividends income		-	-	(8 050)	(8 616)
Interest income, net of interest expenses		( 34)	( 34)	( 93)	( 80)
		<b>19 790</b>	<b>20 042</b>	<b>5 630</b>	<b>6 513</b>
Changes in operating assets and liabilities:					
Decrease (increase) in inventories		(2 951)	(2 422)	( 901)	(1 150)
Decrease (increase) in receivables		(3 650)	(1 208)	(5 039)	864
Increase (decrease) in payables		1 368	1 937	751	539
<b>Cash generated from operations</b>		<b>14 557</b>	<b>18 349</b>	<b>441</b>	<b>6 766</b>
Income taxes paid		(2 211)	(2 093)	( 614)	( 525)
Interest paid	7	( 23)	( 32)	( 23)	( 32)
<b>Net cash from operating activities</b>		<b>12 323</b>	<b>16 224</b>	<b>( 196)</b>	<b>6 209</b>
<b>INVESTING ACTIVITIES</b>					
Interest received		57	66	116	112
Dividends received		-	-	8 050	8 616
Loans granted		(38 250)	(14 400)	(52 622)	(26 354)
Loans repayments received		38 250	14 400	54 502	24 635
Purchases of property, plant and equipment and intangible assets	4	(8 390)	(7 450)	(3 733)	(2 308)
Proceeds on disposal of property, plant and equipment	4, 6	6 224	3 305	5 012	322
Proceeds on disposal of available-for-sale financial assets		-	1 065	-	1 065
Investment in subsidiaries		-	-	( 15)	( 57)
<b>Net cash used in investing activities</b>		<b>(2 109)</b>	<b>(3 014)</b>	<b>11 310</b>	<b>6 031</b>
<b>FINANCING ACTIVITIES</b>					
Dividends paid	9	(8 827)	(6 648)	(8 827)	(6 648)
Proceeds from borrowings	7	8 264	28 836	57 167	82 663
Repayments of borrowings	7	(6 864)	(30 836)	(57 710)	(84 149)
<b>Net cash from financing activities</b>		<b>(7 427)</b>	<b>(8 648)</b>	<b>(9 370)</b>	<b>(8 134)</b>
<b>NET INCREASE (DECREASE) IN CASH AND BANK OVERDRAFTS</b>		<b>2 787</b>	<b>4 562</b>	<b>1 744</b>	<b>4 106</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>7 763</b>	<b>4 976</b>	<b>4 799</b>	<b>3 055</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 main 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 31 December 2017 the Group consisted of the Company and the following 100% owned subsidiaries:

<b>Name</b>	<b>Country</b>	<b>Headquarters</b>	<b>Principal activity</b>
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 31 December 2017 the Company had 2 586 shareholders. Company's shareholders which owned or had under management more than 5% of share capital were:

<b>Shareholder</b>	<b>Enterprise code</b>	<b>Address</b>	<b>Number of shares</b>	<b>% of total ownership</b>
UAB MG Baltic Investment	123249022	Jasinskio 16B, Vilnius, Lithuania	34 262 189	62,0%
UAB Minvista	110685692	Jasinskio 16, Vilnius, Lithuania	5 442 826	9,8%
Swedbank AS (Estonia) clients	10060701	Liivalaia 8 Tallinn, Estonia	3 908 574	7,1%

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, sales and marketing, human resources, purchases, development and finance) that are used to make strategic decisions.

All financial information, including the measure of profit and total assets, is analyzed on a country basis.

The segment information provided to the Directors for the reportable segments for the 12 months 2017 is as follows:

<b>12 months 2017</b>	<b>Lithuania</b>	<b>Latvia</b>	<b>Estonia</b>	<b>Total</b>	<b>Inter- company elimina- tions</b>	<b>Total in consolidated financial statements</b>
Total segment revenue	122 609	43 636	33 208	199 453	-	
Inter-segment revenue	(15 501)	( 912)	( 775)	(17 188)	-	
<b>Revenue from external customers</b>	<b>107 108</b>	<b>42 724</b>	<b>32 433</b>	<b>182 265</b>	-	<b>182 265</b>
<b>Gross margin</b>	<b>43,9%</b>	<b>46,1%</b>	<b>46,4%</b>	<b>44,9%</b>		<b>44,9%</b>
<b>Profit (loss) for the year</b>	<b>9 913</b>	<b>2 509</b>	<b>1 422</b>	<b>13 844</b>	-	<b>13 844</b>
Total assets	70 043	13 483	11 311	94 837	(14 984)	79 853
Additions to non-current assets (other than financial instruments and prepayments for leases)	5 897	619	1 874	8 390	-	8 390

<b>12 months 2016</b>	<b>Lithuania</b>	<b>Latvia</b>	<b>Estonia</b>	<b>Total</b>	<b>Inter- company elimina- tions</b>	<b>Total in consolidated financial statements</b>
Total segment revenue	116 357	41 613	29 933	187 903	-	
Inter-segment revenue	(13 833)	( 959)	( 519)	(15 311)	-	
<b>Revenue from external customers</b>	<b>102 524</b>	<b>40 654</b>	<b>29 414</b>	<b>172 592</b>	-	<b>172 592</b>
<b>Gross margin</b>	<b>44,4%</b>	<b>46,2%</b>	<b>46,4%</b>	<b>45,2%</b>		<b>45,2%</b>
<b>Profit (loss) for the year</b>	<b>7 446</b>	<b>2 362</b>	<b>1 142</b>	<b>10 950</b>	-	<b>10 950</b>
Total assets	64 784	13 782	10 270	88 836	(17 460)	71 376
Additions to non-current assets (other than financial instruments and prepayments for leases)	3 831	1 122	2 588	7 541	( 136)	7 405

### 4. Investments into non-current assets

Net investments of the Group amounted to EUR 7.2 million in 12 months 2017 (EUR 1.8 million in 4<sup>th</sup> quarter 2017). The Company totally invested EUR 3.7 million in 12 months 2017. Daughter companies' investments into development of the retail network amounted to EUR 3.5 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.

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

In November 2017, the Company increased the share capital of its subsidiary OU Apranga from EUR 1 342 143 to EUR 2 000 000. OU Apranga Estonia has acquired all the newly issued OU Apranga shares. 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 and November 2017, the Company and SEB bank signed the amendments to the previously concluded credit line agreement. According to these amendments, the earlier credit line of EUR 20 500 thousand was reduced to EUR 20 000 thousand, and together a new long-term EUR 1 500 thousand business credit was issued. Credit repayment terms, respectively, 30 November 2019 and 23 August 2022. The interests are paid for the amount used, and the interest rate is calculated as 1-3 months EURIBOR plus margin. There is fixed interest rate set for amount used for the issuance of guarantees and letters of credit.

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

## **8. Guarantees and letters of credit**

As of 31 December 2017, guarantees issued by the credit institutions on behalf of the Company to secure the obligations of its subsidiaries to their suppliers totaled EUR 14 520 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 31 December 2017 amounted to EUR 16 436 thousand (31 December 2016: EUR 13 313 thousand).

As of 31 December 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.

## **10. Turnover and expansion plans in 2018**

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

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

## **11. Events after the reporting period**

In January 2018, the Company established a subsidiary UAB Apranga OLT, which will operate Oysho stores in Lithuania. The share capital of the subsidiary is EUR 50 thousand. The Company controls 100% of the subsidiary's capital and voting rights.

In January 2018, the Group and Inditex have agreed to prolong franchise agreements regarding Zara, Bershka, Pull and Bear, Stradivarius, Massimo Dutti and Zara Home brands development in the Baltic States until 2020.