

APRANGA APB
Interim Consolidated Financial Statements
For the Three months period ended 31 March 2017
(UNAUDITED)

28 April 2017
Vilnius

APB APRANGA

Company's code 121933274, Kirtimu 51, Vilnius

INFORMATION ABOUT COMPANY

Name of the company	Apranga APB
Legal form	Public limited liability company
Date of registration	1 st March 1993
Code of company	121933274
Share capital	EUR 16 034 668.40
Registered office	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	info@apranga.lt
Internet address	http://aprangagroup.lt
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 47.8 million in 1st quarter 2017 or by 8.4% more than in 2016. The highest growth rates in 3 months reporting period were recorded in Estonia (+21.8%). In two years period the turnover in this country increased by 41.0%.

According to EUROSTAT data, the retail trade (except of motor vehicles, motorcycles and fuel) in Baltic States during the 3 months 2017 grew the most in Lithuania (+5%) and Estonia (+3%). Meanwhile, in Latvia during the reporting period, retail sales experienced a slower growth of about 1%. European Union (28 countries) retail trade in 1st quarter 2017 increased by 2% (1st quarter 2016: 3%).

The retail turnover of the Group's stores by countries during the 3 months 2017 was (EUR thousand, VAT included):

Country	3 months 2017	3 months 2016	3 months 2015	2017/2016, %	2017/2015, %
Lithuania	28 223	26 481	25 712	6,6%	9,8%
Latvia	11 360	10 856	10 538	4,6%	7,8%
Estonia	8 265	6 784	5 861	21,8%	41,0%
Total:	47 849	44 121	42 111	8,4%	13,6%

The retail turnover of the Group's stores by chains during 3 months 2017 was as follows (EUR thousand, VAT included):

Chain	3 months 2017	3 months 2016	3 months 2015	2017/2016, %	2017/2015, %
Economy ¹	6 675	6 650	7 192	0,4%	-7,2%
Youth ²	8 952	8 795	8 852	1,8%	1,1%
Footwear	1 239	1 423	1 409	-12,9%	-12,1%
Business ³	9 331	8 028	7 250	16,2%	28,7%
Luxury ⁴	5 698	5 549	5 672	2,7%	0,4%
Zara	13 688	11 644	10 017	17,6%	36,6%
Outlets	2 267	2 032	1 718	11,6%	32,0%
Total	47 849	44 121	42 111	8,4%	13,6%

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

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

³ City, Massimo Dutti, Strellson, Marella, Pennyblack, Coccinelle, Tommy Hilfiger, Zara Home;

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

In 1st quarter 2017, Business and Zara chain's turnover increased mostly (respectively by 16.2% and 17.6%). In the two-year period, highest increase was recorded by Zara chain (+36.6%).

During the three months 2017, the Group extended and renovated 2 stores: Bershka store in Kaunas Akropolis shopping center and City store in Riga Spice shopping center. The capital expenditure of the retail chain expansion amounted to EUR 1.7 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	31 03 2017	31 03 2016	31 03 2015	2017/2016, %
Lithuania	107	103	98	3,9%
Latvia	47	46	44	2,2%
Estonia	29	26	23	11,5%
Total:	183	175	165	4,6%

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

The number of stores by chains was as follows:

Chain	31 03 2017	31 03 2016	Change
Economy	33	33	0,0%
Youth	47	46	2,2%
Footwear	15	15	0,0%
Business	40	35	14,3%
Luxury	27	27	0,0%
Zara	12	11	9,1%
Outlets	9	8	12,5%
Total	183	175	4,6%

The total sales area operated by the Group has increased by 6.3% or by 5.0 thousand sq. m. during the 12 months period until 31 March 2017. Sales area was growing particularly fast in Estonia (+23.7%).

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

Country	31 03 2017	31 03 2016	31 03 2015	2017/2016, %
Lithuania	49,6	47,9	46,2	3,5%
Latvia	20,8	20,2	20,3	3,4%
Estonia	13,5	10,9	10,1	23,7%
Total:	83,9	78,9	76,7	6,3%

Favorable weather conditions, more efficient discount policy during sales period and successful new spring-summer collections sales led to high retail turnover growth results, increase in gross profitability and operating profit growth.

The Group has earned EUR 2.2 million of *profit before income tax* in 3 months 2017, while profit before taxes amounted to EUR 1.2 million during 3 months of 2016 (increase by 91.9%).

EBITDA of the Group was EUR 3.8 million during 3 months 2017, and it was EUR 2.7 million in corresponding previous year period. *EBITDA* margin has increased from 7.6% to 9.9% during the year. The current ratio of the Group during the year remained almost stable at the level of 2.9.

Main Group Indicators	Q1 2017	Q1 2016	Q1 2015
Net sales, EUR thousand	38 884	35 192	33 623
Net sales in foreign markets, EUR thousand	15 733	14 034	13 062
Like-to-like sales, %	2,0%	-0,1%	0,8%
Gross profit, EUR thousand	16 862	14 761	13 712
Gross margin, %	43,4%	41,9%	40,8%
Operating profit, EUR thousand	2 220	1 163	808
Operating profit margin, %	5,7%	3,3%	2,4%
EBT, EUR thousand	2 215	1 154	788
EBT margin, %	5,7%	3,3%	2,3%
Profit for the period, EUR thousand	1 773	864	465
Profit for the period margin, %	4,6%	2,5%	1,4%
EBITDA, EUR thousand	3 834	2 662	2 287
EBITDA margin, %	9,9%	7,6%	6,8%
Return on equity (end of the period), %	3,2%	1,7%	1,0%
Return on assets (end of the period), %	2,4%	1,2%	0,6%
Net debt to equity*, %	-2,1%	10,2%	19,8%
Current ratio, times	2,9	3,0	1,7

* (Interest bearing liabilities less cash) / Equity

The operating expenses of the Group totaled EUR 14.6 million during 3 months 2017 and increased by 7.7%, comparing to the same period 2016. Operating expenses increased almost in proportions to turnover, which grew by 8.4%. The Group had no financial debts at the end of the reporting period (financial debts amounted to EUR 6.1 million at 31 March 2016).

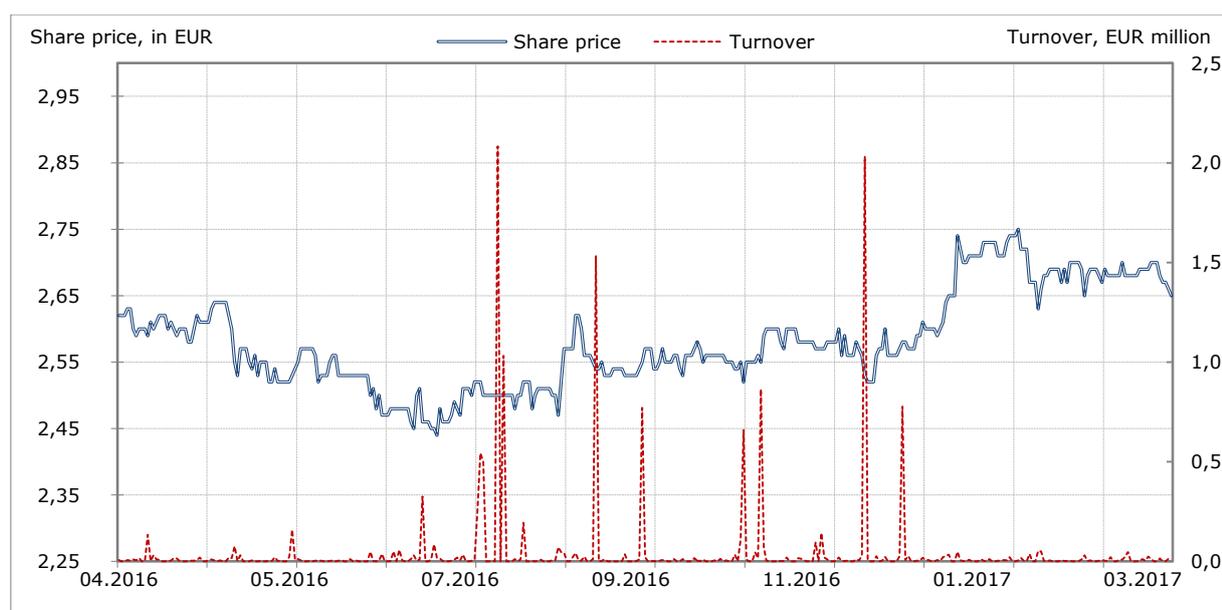
Main Group Indicators	Q1 2017	Q1 2016	Change
Net sales, EUR thousand	38 884	35 192	10,5%
Net sales in foreign markets, EUR thousand	15 733	14 034	12,1%
Gross profit, EUR thousand	16 862	14 761	14,2%
Operating expenses	(14 642)	(13 598)	7,7%
Operating profit, EUR thousand	2 220	1 163	90,9%
EBT, EUR thousand	2 215	1 154	91,9%
Profit for the period, EUR thousand	1 773	864	105,2%
EBITDA, EUR thousand	3 834	2 662	44,0%

The Group's level of inventories during the year grew by 3.5% (the increase from EUR 37.3 million to EUR 38.6 million). Company's inventories grew by 9.2%.

The number of employees during the year till 31 March 2017 in the Group has increased by 147 to 2 053 (+7.7%), and increased in Company by 14 to 771 (+1.8%).

The price of the Company share during 3 months 2017 increased by 3% from EUR 2.57 to EUR 2.65 per share. The maximum share price during the three months period was EUR 2.75 per share, minimum share price – EUR 2.57 per share. In this way, the market capitalization of the Company increased from EUR 142 million at the beginning of the year to EUR 147 million at the end of March 2017. The weighted average price of 1 share during the reporting period was EUR 2.67. Company's share turnover was EUR 0.7 million during 3 months 2017. The share price during the last 12 months period increased from EUR 2.63 to EUR 2.65 per share, or by 1%.

Apranga APB share price during 12 months period from 1st April 2016 to 31st March 2017:



Information about members of the Management board on 31 March 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	115 000 0.21%	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	
		3 months 2017	3 months 2016	3 months 2017	3 months 2016
Revenue	3	38 884	35 192	16 359	16 514
Cost of sales		(22 022)	(20 431)	(11 203)	(11 553)
Gross profit		16 862	14 761	5 156	4 961
Operating expenses		(14 794)	(13 832)	(5 625)	(5 416)
Other income		140	220	997	839
Net foreign exchange gain (loss)		12	14	12	14
Operating profit (loss)		2 220	1 163	540	398
Finance costs	7	(5)	(9)	(5)	(9)
Profit (loss) before income tax		2 215	1 154	535	389
Income tax expense		(442)	(290)	(88)	(71)
Profit (loss) for the year	3	1 773	864	447	318
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME		1 773	864	447	318
Basic and diluted earnings per share (in EUR)		0,03	0,02	0,01	0,01

BALANCE SHEET

	Note	Group		Company	
		31 03 2017	31 12 2016	31 03 2017	31 12 2016
ASSETS					
Non-current assets					
Property, plant and equipment	4	25 379	25 197	15 030	15 113
Intangible assets	4	340	386	223	249
Investments in subsidiaries	5	-	-	4 798	4 798
Prepayments		424	411	68	68
Trade and other receivables		16	18	16	18
		26 159	26 012	20 135	20 246
Current assets					
Inventories		38 650	35 469	22 018	19 429
Available for sale financial assets	6	1 616	1 602	1 616	1 602
Non-current assets held for sale		324	324	324	324
Prepayments		1 235	833	905	781
Trade and other receivables		3 795	2 360	13 719	11 623
Cash and cash equivalents		1 155	4 976	400	3 055
		46 775	45 564	38 982	36 814
TOTAL ASSETS	3	72 934	71 576	59 117	57 060
EQUITY AND LIABILITIES					
Equity					
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		37 758	35 985	25 520	25 073
		55 344	53 571	43 159	42 712
Non-current liabilities					
Deferred tax liabilities		1 169	1 125	354	361
Other liabilities		318	443	318	443
		1 487	1 568	672	804
Current liabilities					
Borrowings	7	-	-	8 666	6 977
Current income tax liability		727	332	172	80
Trade and other payables		15 376	16 105	6 448	6 487
		16 103	16 437	15 286	13 544
Total liabilities		17 590	18 005	15 958	14 348
TOTAL EQUITY AND LIABILITIES		72 934	71 576	59 117	57 060

STATEMENTS OF CHANGES IN EQUITY

GROUP

	Note	Share capital	Legal reserve	Translation reserve	Retained earnings	Total
Balance at 1 January 2016		16 035	1 601	(53)	31 463	49 046
Comprehensive income						
Profit for the 3 months 2016	3				864	864
Total comprehensive income		-	-	-	864	864
Balance at 31 March 2016		16 035	1 601	(53)	32 327	49 910
Balance at 1 January 2017		16 035	1 604	(53)	35 985	53 571
Comprehensive income						
Profit for the 3 months 2017	3				1 773	1 773
Total comprehensive income		-	-	-	1 773	1 773
Balance at 31 March 2017		16 035	1 604	(53)	37 758	55 344

COMPANY

	Share capital	Legal reserve	Retained earnings	Total
Balance at 1 January 2016	16 035	1 601	20 269	37 905
Comprehensive income				
Profit for the 3 months 2016			318	318
Balance at 31 March 2016	16 035	1 601	20 587	38 223
Balance at 1 January 2017	16 035	1 604	25 073	42 712
Comprehensive income				
Profit for the 3 months 2017			447	447
Balance at 31 March 2017	16 035	1 604	25 520	43 159

STATEMENTS OF CASH FLOW

	Note	Group		Company	
		3 months 2017	3 months 2016	3 months 2017	3 months 2016
OPERATING ACTIVITIES					
Profit (loss) before income taxes		2 215	1 154	535	389
Adjustments for:					
Depreciation and amortization		1 614	1 499	733	671
Change in allowances for slow-moving inventories		49	(87)	51	5
(Gain) Loss on disposal of property, plant and equipment		(2)	(6)	(2)	(3)
Write-off of property, plant and equipment		1	-	-	-
Interest income, net of interest expenses		(9)	(12)	(26)	(21)
		3 868	2 548	1 291	1 041
Changes in operating assets and liabilities:					
Decrease (increase) in inventories		(3 230)	(4 031)	(2 640)	(1 776)
Decrease (increase) in receivables		438	(1 081)	1 139	(1 474)
Increase (decrease) in payables		(854)	(111)	(164)	(462)
Cash generated from operations		222	(2 675)	(374)	(2 671)
Income taxes paid		(3)	(33)	(3)	(16)
Interest paid	7	(5)	(9)	(5)	(9)
Net cash from operating activities		214	(2 717)	(382)	(2 696)
INVESTING ACTIVITIES					
Interest received		14	21	31	30
Loans granted		(4 500)	-	(6 911)	(1 605)
Loans repayments received		2 200	-	3 540	1 223
Purchases of property, plant and equipment and intangible assets	3, 4	(1 751)	(1 892)	(624)	(992)
Proceeds on disposal of property, plant and equipment	3, 4	2	6	2	3
Proceeds on disposal of available-for-sale financial assets	6	-	1 065	-	1 065
Investment in subsidiaries	5	-	-	-	(7)
Net cash used in investing activities		(4 035)	(800)	(3 962)	(283)
FINANCING ACTIVITIES					
Proceeds from borrowings	7	-	11 946	10 971	23 198
Repayments of borrowings	7	-	(9 446)	(9 282)	(20 464)
Net cash from financing activities		-	2 500	1 689	2 734
NET INCREASE (DECREASE) IN CASH AND BANK OVERDRAFTS		(3 821)	(1 017)	(2 655)	(245)
CASH AND BANK OVERDRAFTS:					
AT THE BEGINNING OF THE PERIOD		4 976	414	3 055	(1 051)
AT THE END OF THE PERIOD		1 155	(603)	400	(1 296)

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 March 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 ¹	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

¹ 100 % 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 20 April 2017 the Company had 2 567 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%
Swedbank AS (Estonia) clients	10060701	Liivalaia 8 Tallinn, Estonia	5 542 048	10,0%
UAB Minvista	110685692	Jasinskio 16, Vilnius, Lithuania	5 219 621	9,4%

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. Earlier than 2015 comparative information recalculated using the official litas to euro conversion ratio: 1 euro = 3.45280 litas.

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 3 months 2017 is as follows:

3 months 2017	Lithuania	Latvia	Estonia	Total	Inter- company elimina- tions	Total in consolidated financial statements
Total segment revenue	26 577	9 341	6 898	42 816	-	
Inter-segment revenue	(3 426)	(310)	(196)	(3 932)	-	
Revenue from external customers	23 151	9 031	6 702	38 884	-	38 884
Gross margin	41,8%	45,2%	46,5%	43,4%		43,4%
Profit (loss) for the year	1 349	279	145	1 773	-	1 773
Total assets	67 635	14 135	10 544	92 314	(19 380)	72 934
Additions to non-current assets (other than financial instruments and prepayments for leases)	1 006	526	219	1 751	-	1 751

3 months 2016	Lithuania	Latvia	Estonia	Total	Inter- company elimina- tions	Total in consolidated financial statements
Total segment revenue	25 554	8 854	5 621	40 029	-	
Inter-segment revenue	(4 396)	(258)	(183)	(4 837)	-	
Revenue from external customers	21 158	8 596	5 438	35 192	-	35 192
Gross margin	41,5%	42,0%	43,4%	41,9%		41,9%
Profit (loss) for the year	933	(21)	(48)	864	-	864
Total assets	64 189	14 889	11 091	90 169	(18 041)	72 128
Additions to non-current assets (other than financial instruments and prepayments for leases)	1 023	388	585	1 996	(104)	1 892

4. Investments into non-current assets

Investments into development and reconstruction of retail network amounted to EUR 1.7 million in 3 months 2017. The Company's investments into retail network have reached EUR 0.6 million, daughter companies – EUR 1.1 million.

5. Borrowings

In November 2015, the Company and SEB bank have signed the amendment to agreement which modified the previous contract on the credit line. According to it, the credit line of EUR 20 500 thousand in order to finance the working capital, issuing guarantees and opening letters of credit, was provided. The credit line now will expire on 30 November 2017. The interests are paid for the amount used and the interest rate is calculated as 1-month EURIBOR plus margin. There is fixed interest rate set for amount used for the issuance of guarantees and letters of credit.

In June 2016, 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 credit line extended until 30 June 2018. For the drawdown amount of the credit line 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.

6. Guarantees and letters of credit

As of 31 March 2017 guarantees issued by the credit institutions on behalf of the Company to secure the obligations of its subsidiaries to their suppliers totaled EUR 11 208 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 March 2017 amounted to EUR 13 737 thousand (31 December 2016: EUR 13 313 thousand).

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

7. Events after the reporting period

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.
