



APRANGA

G R O U P

APB APRANGA The Consolidated Interim Report and
Interim Consolidated Financial Statements
For the Twelve months period ended 31 December 2019

(UNAUDITED)

INFORMATION ABOUT COMPANY

APB APRANGA, Company's code 121933274, Ukmerges 362, Vilnius

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	Ukmerges 362, LT-14311 Vilnius, Lithuania
NAME OF REGISTER OF LEGAL ENTITIES	Registrų centras VJ, Vilnius branch
TELEPHONE NUMBER	+370 5 239 08 08
FAX NUMBER	+370 5 239 08 00
E-MAIL	info@apranga.lt
INTERNET ADDRESS	www.aprangagroup.com
MAIN ACTIVITIES	Retail trade of apparel
AUDITOR	ERNST & YOUNG BALTIC UAB

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ACTIVITY REPORT

The retail turnover (including VAT) of Apranga Group reached EUR 248.0 million in 12 months 2019 or by 9.4% more than in the same period of 2018. The highest growth rates were recorded in Latvia and Lithuania (12.7% and 10.2%, accordingly). In Estonia the growth rate was 2.4%.

According to EUROSTAT data, the retail trade (except of motor vehicles, motorcycles and fuel) in Baltic States in 12 months 2019 was fastest growing in Lithuania (+5%) and in Estonia (+5%). In Latvia in the same period, the growth rate of retail trade was slower and amounted to 3%. In 4th quarter 2019, retail trade growth rates were a bit slower to those of the first 3 quarters of the year (about 4% in Lithuania, 2% in Latvia, and 4% in Estonia). European Union (28 countries) retail trade in 12 months 2019 increased by 3% (i.e. slightly more than in the corresponding period of 2018, when it grew by 2%).

The retail turnover of the Group's stores in 12 months of 2019 by countries was as follows (EUR thousand, VAT included):

Country	12 months 2019	12 months 2018	12 months 2017	2019/2018, %	2019/2017, %
Lithuania	147 470	133 811	130 630	10,2%	12,9%
Latvia	59 363	52 671	52 850	12,7%	12,3%
Estonia	41 124	40 158	39 371	2,4%	4,5%
Total:	247 957	226 640	222 851	9,4%	11,3%

The retail turnover of the Group's stores by countries during the 4th quarter of 2019 was (EUR thousand, VAT included):

Country	Q4 2019	Q4 2018	Q4 2017	2019/2018, %	2019/2017, %
Lithuania	44 258	39 977	38 102	10,7%	16,2%
Latvia	17 269	14 516	14 684	19,0%	17,6%
Estonia	10 992	10 601	10 704	3,7%	2,7%
Total:	72 519	65 094	63 490	11,4%	14,2%

The retail turnover of the Group's stores by chains in 12 months of 2019 was as follows (EUR thousand, VAT included):

Chain	12 months 2019	12 months 2018	12 months 2017	2019/2018, %	2019/2017, %
Economy ¹	31 991	30 488	31 312	4,9%	2,2%
Youth ²	57 571	48 679	44 288	18,3%	30,0%
Footwear	6 660	6 421	6 216	3,7%	7,1%
Business ³	44 802	39 562	39 781	13,2%	12,6%
Luxury ⁴	23 416	21 983	23 503	6,5%	-0,4%
Zara	72 507	68 331	66 816	6,1%	8,5%
Outlets	11 010	11 176	10 935	-1,5%	0,7%
Total	247 957	226 640	222 851	9,4%	11,3%

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

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

³ City, Massimo Dutti, Strellson, Marella, Pennyblack, Coccinelle, Tommy Hilfiger, Zara Home, Karen Millen, Calvin Klein Underwear, Liu Jo;

⁴ Burberry, Emporio Armani, Hugo Boss, Ermenegildo Zegna, MaxMara, Weekend MaxMara, A|X Armani Exchange, Marina Rinaldi, Mados linija, Nude, Sandro, Maje.

In 12 months 2019, Youth and Business chain's turnover increased mostly (respectively by 18.3%, and 13.2%). In the two-year period, highest increase was recorded by Youth chain (+30.0%).

In 12 months 2019, Apranga Group opened 25 stores (total area 13.7 thousand sq. m), renovated 13 stores (total area 11.6 thousand sq. m) and closed 21 stores (total area 6.8 thousand sq. m).

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On 4th April 2019, the Group opened 11 new stores in the Latvian capital of Riga with a total sales area of over 8.5 thousand sq. m. New Apranga, Zara, Bershka, Pull&Bear, Stradivarius, Massimo Dutti, Oysho, Mango, Orsay, Moskito and Aldo stores opened at the Riga Akropole shopping center.

On 13th May 2019, the Group started online sales on a new e-commerce platform Soulz.lt. The new online store in Lithuanian market combines major part of brands assortment of Apranga, Aprangos galerija, City, Tommy Hilfiger, Aldo and other shops, presents variety of style combinations and latest collections.

On 23rd August 2019, in Vilnius Akropolis shopping center the Group after renovation opened the largest in Lithuania latest Zara concept store. The area of this store has increased by 1.5 thousand sq. m. to 3.3 thousand sq. m.

On 5th September 2019, the Group opened 8 stores in Riga's Alfa shopping center. There was opened the first Zara Home store in Latvia, as well as new Massimo Dutti, Oysho, Stradivarius and Moskito stores. Pull&Bear, Bershka and the latest 2,900 sq. m. Zara concept store have been moved to the new part of the shopping center.

The net capital expenditure to the retail chain expansion amounted to EUR 12.8 million in 12 months of 2019 (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 12 2019	31 12 2018	31 12 2017	2019/2018, %	2019/2017, %
Lithuania	108	111	107	-2,7%	0,9%
Latvia	50	42	46	19,0%	8,7%
Estonia	28	29	29	-3,4%	-3,4%
Total:	186	182	182	2,2%	2,2%

The number of stores by chains was as follows:

Chain	31 12 2019	31 12 2018	31 12 2017	2019/2018, %	2019/2017, %
Economy	33	32	36	3,1%	-8,3%
Youth	49	45	44	8,9%	11,4%
Footwear	14	14	15	0,0%	-6,7%
Business	42	42	39	0,0%	7,7%
Luxury	28	29	27	-3,4%	3,7%
Zara	11	11	12	0,0%	-8,3%
Outlets	9	9	9	0,0%	0,0%
Total	186	182	182	2,2%	2,2%

The total sales area operated by the Group has increased by 13.5% or by 11 thousand sq. m during the year period until 31 December 2019. In principle, the entire increase in sales area was due to the ongoing restructuring of the chain in Latvia and the opening of 11 stores in the new Akropole shopping center in Riga in April 2019 and the opening of 5 new stores in the Alfa shopping center in Riga in September 2019. Thus, the area of stores in Latvia increased by 46.8%, compared to December 2018.

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

Country	31 12 2019	31 12 2018	31 12 2017	2019/2018, %	2019/2017, %
Lithuania	51,2	50,1	49,6	2,3%	3,3%
Latvia	26,8	18,2	20,4	46,8%	31,5%
Estonia	15,8	14,3	14,3	10,4%	10,4%
Total:	93,8	82,6	84,3	13,5%	11,3%

From 1 January 2019, the Company implemented a new International Financial Reporting Standard (IFRS) 16 "Leases". Due to the application of this standard, the Group's and Company's rent expenses decreased but depreciation and amortization charges and interest expenses increased. Accordingly, it also influenced the calculation of indicators. The impact of the new standard on the Statements of Comprehensive Income and Statements of Financial Position is disclosed in more detail in Note 6, IFRS 16 Leases.

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The Group has earned EUR 10.8 million of profit before income tax in 12 months 2019, while profit before taxes amounted to EUR 9.3 million in 12 months of 2018 (the increase by 16.3%). The negative impact of IFRS 16 "Leases" on the Group's profit before tax amounted to EUR 724 thousand in 12 months 2019.

In 4th quarter the profit before income tax increased from EUR 3.4 million in 2018 to EUR 3.5 million in 2019 (+3.0%). The negative impact of IFRS 16 "Leases" on the Group's profit before tax amounted to EUR 208 thousand in Q4 2019.

EBITDA of the Group was EUR 30.8 million in 12 months 2019, and it was EUR 15.6 million in corresponding previous year period. The positive impact of IFRS 16 "Leases" on the Group's EBITDA ratio was EUR 13.6 million. EBITDA margin has increased from 8.3% to 15.0% during the year.

Main Group Indicators	12 months 2019	12 months 2018	12 months 2017
Net sales	205 029	187 207	182 265
Net sales in foreign markets	83 198	76 740	75 157
Like-for-like sales, %	5,4%	0,4%	0,5%
Gross profit	89 243	81 010	81 792
Gross margin, %	43,5%	43,3%	44,9%
Operating profit (loss)	11 703	9 199	16 578
Operating profit margin, %	5,7%	4,9%	9,1%
EBT	10 776	9 266	16 555
EBT margin, %	5,3%	4,9%	9,1%
EBT excluding non-recurring items*	10 776	9 266	13 060
EBT margin excluding non-recurring items*, %	5,3%	4,9%	7,2%
Profit (loss) for the period	8 873	7 565	13 875
Profit for the period margin, %	4,3%	4,0%	7,6%
EBITDA	30 788	15 563	23 075
EBITDA margin, %	15,0%	8,3%	12,7%
EBITDA excluding non-recurring items*	30 788	15 563	19 580
EBITDA margin excluding non-recurring items*, %	15,0%	8,3%	10,7%
Return on equity (end of the period), %	15,2%	13,3%	23,7%
Return on assets (end of the period), %	5,8%	9,6%	17,4%
Net debt to equity, %	107,8%	-10,4%	-10,9%
Current ratio, times	1,4	2,7	2,9

* One-time sale of buildings in Q3 2017, had EUR 3.5 million positive influence on the year 2017 results

Main Group Indicators	Q4 2019	Q4 2018	Q4 2017
Net sales	59 790	53 755	52 222
Net sales in foreign markets	23 339	20 800	20 975
Like-for-like sales, %	4,2%	0,1%	2,9%
Gross profit	27 010	24 817	24 104
Gross margin, %	45,2%	46,2%	46,2%
Operating profit (loss)	3 864	3 435	3 961
Operating profit margin, %	6,5%	6,4%	7,6%
EBT	3 526	3 423	3 953
EBT margin, %	5,9%	6,4%	7,6%
Profit (loss) for the period	2 923	2 765	3 352
Profit for the period margin, %	4,9%	5,1%	6,4%
EBITDA	8 895	4 950	5 551
EBITDA margin, %	14,9%	9,2%	10,6%
Return on equity (end of the period), %	5,0%	4,9%	5,7%
Return on assets (end of the period), %	1,9%	3,5%	4,2%
Net debt to equity, %	107,8%	-10,4%	-10,9%
Current ratio, times	1,4	2,7	2,9

The operating expenses of the Group totaled EUR 77.5 million in 12 months 2019 and increased by 8.0%, comparing to the same period 2018. Thus, operating expenses grew in line with sales, which grew by 9.5%. The Group had EUR 0.8 million of debts to financial institutions at the end of the reporting period (EUR 1.1 million at 31 December 2018).

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Main Group Indicators	12 months 2019	12 months 2018	Change
Net sales	205 029	187 207	9,5%
Net sales in foreign markets	83 198	76 740	8,4%
Gross profit	89 243	81 010	10,2%
Operating (expenses)	(77 540)	(71 811)	8,0%
Operating profit (loss)	11 703	9 199	27,2%
EBT	10 776	9 266	16,3%
Profit (loss) for the period	8 873	7 565	17,3%
EBITDA	30 788	15 563	97,8%

Main Group Indicators	Q4 2019	Q4 2018	Change
Net sales	59 790	53 755	11,2%
Net sales in foreign markets	23 339	20 800	12,2%
Gross profit	27 010	24 817	8,8%
Operating (expenses)	(23 146)	(21 041)	10,0%
Operating profit (loss)	3 864	3 435	12,5%
EBT	3 526	3 423	3,0%
Profit (loss) for the period	2 923	2 765	5,7%
EBITDA	8 895	4 950	79,7%

The Group's level of inventories during the last 12 months decreased by 1.1% to EUR 40.1 million. Company's inventories decreased by 3.7%. The Group's inventories decreased due to more efficient inventory management.

The number of employees during the year till 31 December 2019 in the Group has increased by 193 to 2 367 (+8.9%) and has decreased in Company by 9 to 797 (-1.1%). The growth in the number of employees in the Group was mainly driven by the opening of 11 new stores in the new Akropole shopping center in Riga in early April 2019 and the opening of 5 new stores in the Alfa shopping center in Riga in September 2019. During the 4th quarter 2019 the number of employees decreased by 15 (-0.6%) in the Group and decreased by 2 (-0.3%) in the Company.

The price of the Company shares in 12 months 2019 increased by 32% from EUR 1.60 per share to EUR 2.11 per share. The maximum share price for the 12 months period was EUR 2.17 per share, minimum share price - EUR 1.56 per share. The market capitalization of the Company increased from EUR 88 million at the beginning of the year to EUR 117 million at the end of December 2019. The weighted average price of 1 share during the reporting period was EUR 1.77. Company's share turnover was EUR 8.8 million in 12 months 2019.

Apranga APB share price in 12 months period from 1st January 2019 to 31st December 2019:



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Information about members of the Management board on 31 December 2019:

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	- -	27 04 2018	27 04 2022
Rimantas Perveneckas	Member of the Board, General Director	800 770 1.45%	27 04 2018	27 04 2022
Ilona Simkuniene	Member of the Board, Purchasing Director	- -	27 04 2018	27 04 2022
Ramunas Gaidamavicius	Member of the Board, Development Director	5 000 0.01%	27 04 2018	27 04 2022
Vidas Lazickas	Member of the Board	200 000 0.36%	27 04 2018	27 04 2022
Marijus Strončikas	Member of the Board	4 450 0.01%	27 04 2018	27 04 2022

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STATEMENTS OF COMPREHENSIVE INCOME

	Note	GROUP		COMPANY	
		12 months 2019	12 months 2018	12 months 2019	12 months 2018
Revenue from contracts with customers	7	205 029	187 207	85 312	78 262
Cost of sales		(115 786)	(106 197)	(52 335)	(48 317)
GROSS PROFIT		89 243	81 010	32 977	29 945
Operating (expenses)		(77 662)	(71 885)	(30 297)	(28 982)
Other income		130	95	6 973	8 302
Net foreign exchange gain (loss)		(8)	(21)	(8)	(21)
OPERATING PROFIT (LOSS)		11 703	9 199	9 645	9 244
Finance income (costs)	6, 8	(927)	67	(398)	90
PROFIT (LOSS) BEFORE INCOME TAX		10 776	9 266	9 247	9 334
Income tax (expense)		(1 903)	(1 701)	(295)	(240)
PROFIT (LOSS) FOR THE YEAR	3	8 873	7 565	8 952	9 094
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME		8 873	7 565	8 952	9 094
Total comprehensive income attributable to:		8 873	7 565	8 952	9 094
Owners of the Company		8 873	7 565	8 952	9 094
Non-controlling interests		-	-	-	-
Basic and diluted earnings per share (in EUR)		0,16	0,14	0,16	0,16

	Note	GROUP		COMPANY	
		Q4 2019	Q4 2018	Q4 2019	Q4 2018
Revenue from contracts with customers		59 790	53 833	23 807	25 857
Cost of sales		(32 780)	(28 938)	(13 721)	(12 638)
GROSS PROFIT		27 010	24 895	10 086	13 219
General and administrative expenses		(23 172)	(21 018)	(8 873)	(8 712)
Other income (expenses)		22	(19)	23	(3 456)
Net foreign exchange gain (loss)		4	(4)	4	(4)
OPERATING PROFIT (LOSS)		3 864	3 854	1 240	1 047
Finance income (costs)		(338)	89	(137)	112
PROFIT (LOSS) BEFORE INCOME TAX		3 526	3 943	1 103	1 159
Income tax expense		(603)	(657)	(195)	(139)
PROFIT (LOSS) FOR THE YEAR		2 923	3 286	908	1 020
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME		2 923	3 286	908	1 020
Total comprehensive income attributable to:		2 923	3 286	908	1 020
Owners of the Company		2 923	3 286	908	1 020
Non-controlling interests		-	-	-	-
Basic and diluted earnings per share (in EUR)		0,05	0,06	0,02	0,02

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STATEMENTS OF FINANCIAL POSITION

ASSETS		GROUP		COMPANY	
ASSETS	Note	31 12 2019	31 12 2018	31 12 2019	31 12 2018
Property, plant and equipment	4	29 584	23 257	13 330	15 116
Intangible assets		310	166	292	165
Investments in subsidiaries	5	-	-	4 963	4 913
Prepayments		939	733	200	80
Trade and other receivables		4	8	4	8
Right-of-use assets	6	67 970	-	26 105	-
Financial assets		2 000	2 000	2 000	2 000
Total non-current assets		100 807	26 164	46 894	22 282
CURRENT ASSETS					
Inventories		40 106	40 563	21 122	21 924
Financial assets		732	732	732	732
Prepayments		1 579	1 529	1 266	900
Trade and other receivables		2 175	2 916	13 397	9 798
Cash and cash equivalents		6 712	7 009	4 557	3 119
Total current assets		51 304	52 749	41 074	36 473
Non-current assets held for sale		80	190	80	190
TOTAL ASSETS	3	152 191	79 103	88 048	58 945
EQUITY AND LIABILITIES					
EQUITY		GROUP		COMPANY	
EQUITY	Note	31 12 2019	31 12 2018	31 12 2019	31 12 2018
Ordinary shares		16 035	16 035	16 035	16 035
Legal reserve		1 604	1 604	1 604	1 604
Foreign currency translation reserve		(53)	(53)	-	-
Retained earnings		40 863	39 178	30 977	29 213
Total equity		58 449	56 764	48 616	46 852
NON-CURRENT LIABILITIES					
Borrowings	8	500	800	500	800
Deferred tax liabilities		1 377	1 436	201	311
Non-current lease liabilities	6	55 763	-	21 051	-
Non-current employee benefits		186	552	186	552
Total non-current liabilities		57 826	2 788	21 938	1 663
CURRENT LIABILITIES					
Borrowings	8	300	300	4 025	2 878
Current lease liabilities	6	13 181	-	5 315	-
Current income tax liability		585	38	468	1
Trade and other payables		21 850	19 213	7 686	7 551
Total current liabilities		35 916	19 551	17 494	10 430
Total liabilities		93 742	22 339	39 432	12 093
TOTAL EQUITY AND LIABILITIES		152 191	79 103	88 048	58 945

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STATEMENTS OF CHANGES IN EQUITY

GROUP	Note	Share capital	Legal reserve	Translation reserve	Retained earnings	Total
Balance at 1 January 2018		16 035	1 604	(53)	41 013	58 599
Comprehensive income:						
Profit for the 12 months 2018	3				7 565	7 565
Total comprehensive income		-	-	-	7 565	7 565
Transactions with owners:						
Dividends paid					(9 400)	(9 400)
Balance at 31 December 2018		16 035	1 604	(53)	39 178	56 764
Comprehensive income:						
Profit for the 12 months 2019	3				8 873	8 873
Total comprehensive income		-	-	-	8 873	8 873
Transactions with owners:						
Dividends paid	10				(7 188)	(7 188)
Balance at 31 December 2019		16 035	1 604	(53)	40 863	58 449

COMPANY		Share capital	Legal reserve	Retained earnings	Total
Balance at 1 January 2018		16 035	1 604	29 519	47 158
Comprehensive income:					
Profit for the 12 months 2018				9 094	9 094
Total comprehensive income		-	-	9 094	9 094
Transactions with owners:					
Dividends paid				(9 400)	(9 400)
Balance at 31 December 2018		16 035	1 604	29 213	46 852
Comprehensive income:					
Profit for the 12 months 2019				8 952	8 952
Total comprehensive income		-	-	8 952	8 952
Transactions with owners:					
Dividends paid	10			(7 188)	(7 188)
Balance at 31 December 2019		16 035	1 604	30 977	48 616

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STATEMENTS OF CASH FLOW

OPERATING ACTIVITIES	Note	GROUP		COMPANY	
		12 months 2019	12 months 2018	12 months 2019	12 months 2018
Profit (loss) before income taxes		10 776	9 266	9 247	9 334
ADJUSTMENTS FOR:					
Depreciation and amortization	6	19 085	6 364	8 208	2 959
Impairment charge (reverse)		275	147	55	167
Change in allowances for slow-moving inventories		530	128	265	(17)
(Gain) on disposal of property, plant and equipment		(23)	(9)	(5)	(6)
Write-off of property, plant and equipment		64	50	39	10
Dividends income		(97)	-	(6 937)	(8 200)
Interest expenses (income)	6	927	-	398	(23)
Total		31 537	15 946	11 270	4 224
CHANGES IN OPERATING ASSETS AND LIABILITIES:					
Decrease (increase) in inventories		(73)	(2 455)	537	(1 727)
Decrease (increase) in receivables		489	1 829	(7 483)	4 652
Increase (decrease) in payables		2 276	1 849	(226)	375
Cash generated from operations		34 229	17 169	4 098	7 524
Income taxes paid		(1 415)	(1 962)	62	(718)
Interest paid	8	(60)	(34)	(60)	(34)
Net cash from operating activities		32 754	15 173	4 100	6 772
INVESTING ACTIVITIES					
Interest received		40	34	84	57
Dividends received		97	-	6 937	8 200
Loans granted		(47 500)	(60 400)	(78 607)	(78 121)
Loans repayments received		47 500	60 400	82 010	78 270
Purchases of PPE and intangible assets	4	(21 417)	(8 901)	(1 214)	(3 531)
Proceeds on disposal of PPE	4	8 608	3 719	5	9
Purchases of financial assets at fair value		-	(2 000)	-	(2 000)
Proceeds on disposal of financial assets at fair value		-	933	-	933
Investment in subsidiaries	5	-	-	(50)	(100)
Net cash used in investing activities		(12 672)	(6 215)	9 165	3 717
FINANCING ACTIVITIES					
Dividends paid	10	(7 193)	(9 412)	(7 193)	(9 412)
Proceeds from borrowings		14 018	1 122	69 210	50 180
Repayments of borrowings		(14 318)	(1 422)	(68 364)	(52 937)
Repayments of lease liabilities	6	(12 886)	-	(5 480)	-
Net cash from financing activities		(20 379)	(9 712)	(11 827)	(12 169)
NET INCREASE (DECREASE) IN CASH AND BANK OVERDRAFTS		(297)	(754)	1 438	(1 680)
CASH AND BANK OVERDRAFTS:					
AT THE BEGINNING OF THE PERIOD		7 009	7 763	3 119	4 799
AT THE END OF THE PERIOD		6 712	7 009	4 557	3 119

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NOTES TO INTERIM 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 Ukmerges 362, 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 2019 the Group consisted of the Company and 25 subsidiaries:

Name	Country	Ownership interest in % 31 12 2019	Ownership interest in % 31 12 2018
UAB Apranga LT	Lithuania	100%	100%
UAB Apranga BPB LT	Lithuania	100%	100%
UAB Apranga PLT	Lithuania	100%	100%
UAB Apranga SLT	Lithuania	100%	100%
UAB Apranga MLT	Lithuania	100%	100%
UAB Apranga HLT	Lithuania	100%	100%
UAB Apranga OLT	Lithuania	100%	100%
UAB Apranga Ecom LT	Lithuania	100%	100%
SIA Apranga	Latvia	100%	100%
SIA Apranga LV	Latvia	100%	100%
SIA Apranga BPB LV	Latvia	100%	100%
SIA Apranga PLV	Latvia	100%	100%
SIA Apranga SLV	Latvia	100%	100%
SIA Apranga MLV	Latvia	100%	100%
SIA Apranga HLV	Latvia	100%	-
SIA Apranga OLV	Latvia	100%	100%
SIA Apranga Ecom LV	Latvia	100%	100%
OU Apranga ¹	Estonia	100%	100%
OU Apranga Estonia	Estonia	100%	100%
OU Apranga BEE	Estonia	100%	100%
OU Apranga PB Trade	Estonia	100%	100%
OU Apranga ST Retail	Estonia	100%	100%
OU Apranga MDE	Estonia	100%	100%
OU Apranga HEST	Estonia	100%	100%
OU Apranga Ecom EE	Estonia	100%	100%

¹ The Company directly owns 14.91% shares and indirectly through its subsidiary OU Apranga Estonia owns the rest 85.09% of shares.

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 2019, the Company had 2 899 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	34 442 189	62,3%
UAB Minvista	110685692	Jasinskio 16, Vilnius, Lithuania	6 397 059	11,6%
Swedbank AS (Estonia) clients	10060701	Liivalaia 8 Tallinn, Estonia	3 719 099	6,7%

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.

The financial statements for the period ended 31 December 2019 are not audited.

In the financial statements all figures are presented in thousands of euro, unless indicated otherwise.

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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 2019 is as follows:

12 months 2019	Lithuania	Latvia	Estonia	Total	Inter- company elimina- tions	Total in consolidated financial statements
Total segment revenue	138 719	49 927	34 880	223 526	-	
Inter-segment revenue	(17 289)	(987)	(622)	(18 898)	-	
Revenue from external customers (note 7)	121 430	48 940	34 258	204 628	-	204 628
Gross margin	43,0%	44,0%	43,9%	43,4%		43,4%
Profit (loss) for the year	6 662	1 751	460	8 873	-	8 873
Total assets	110 540	34 401	23 578	168 519	(16 328)	152 191
Additions to non-current assets (other than financial instruments and prepayments for leases)	4 947	14 599	1 947	21 493	(76)	21 417

12 months 2018	Lithuania	Latvia	Estonia	Total	Inter- company elimina- tions	Total in consolidated financial statements
Total segment revenue	125 617	43 966	33 908	203 491	-	
Inter-segment revenue	(15 569)	(698)	(436)	(16 703)	-	
Revenue from external customers	110 048	43 268	33 472	186 788	-	186 788
Gross margin	42,5%	43,8%	44,5%	43,4%		43,4%
Profit (loss) for the year	4 692	1 952	921	7 565	-	7 565
Total assets	66 900	13 294	10 051	90 245	(11 142)	79 103
Additions to non-current assets (other than financial instruments and prepayments for leases)	5 615	3 210	195	9 020	(119)	8 901

4. Investments into non-current assets

Net investments of the Group amounted to EUR 12.8 million in 12 months 2019. The Company's investments have reached EUR 1.2 million, daughter companies – EUR 11.6 million.

5. Investments into subsidiaries

In March 2019, the Company established a subsidiary SIA APRANGA HLV, which will operate Zara Home stores in Latvia. The share capital of the subsidiary is EUR 50 thousand. All shares have been fully paid in cash. The Company controls 100% of the subsidiary's capital and voting rights.

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6. IFRS 16 "Leases"

New IFRS 16 "Leases" is effective for annual periods beginning on 1 January 2019. The Group and the Company apply the new standard using the modified retrospective approach, which means that comparative figures are not restated. IFRS 16 has a significant impact on the Group's and the Company's Statements of financial position and moderate impact on Statement of comprehensive income.

The impact on the Statement of financial position (increase / (decrease)) as of 31 December 2019:

	GROUP	COMPANY
ASSETS:		
Right-of-use assets	68 220	26 130
NON-CURRENT LIABILITIES:		
Non-current lease liabilities	55 763	21 051
CURRENT LIABILITIES:		
Current lease liabilities	13 181	5 315
Impact on Equity	(724)	(236)

The impact on the Statement of comprehensive income (increase / (decrease)) for the 12 months 2019:

	GROUP	COMPANY
Depreciation expenses	12 703	5 294
Rent expenses	(12 886)	(5 480)
OPERATING PROFIT	183	186
Finance costs	907	422
PROFIT FOR THE YEAR	(724)	(236)

7. Income

For the 12 months 2019, revenue from contracts with customers consisted of the following:

	GROUP		COMPANY	
	12 months 2019	12 months 2018	12 months 2019	12 months 2018
Stores income	204 628	186 788	63 503	57 862
Wholesale income	-	-	16 597	15 347
Management fees	-	-	4 992	4 753
Gain from disposal of fixed assets, net	23	9	5	6
Other income	378	410	215	294
Total revenue from contracts with customers	205 029	187 207	85 312	78 262

8. Borrowings

In November 2019, 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 20 000 thousand was increased to EUR 27 000 thousand. Credit repayment term was prolonged to 30 November 2021. 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 2019, the Company and LUMINOR bank signed two new financial liability limit agreements, which replaced the previous financial liability limit agreement. Under the new agreements, the financial liability limits are EUR 10 000 thousand and EUR 5 000 thousand (non-binding financial liabilities limit), respectively. Limits expires on 30 June 2020. For the drawdown amount of the overdraft a floating interest rate calculated as the 1-month EURIBOR plus margin is being paid. There is fixed interest rate set for amount used for the issuance of guarantees.

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9. Guarantees and letters of credit

As of 31 December 2019, guarantees issued by the credit institutions on behalf of the Company to secure the obligations of its subsidiaries to their suppliers totaled EUR 14 189 thousand (31 December 2018: EUR 14 661 thousand). The letters of credit and guarantees provided to suppliers by the credit institutions on behalf of the Group as of 31 December 2019 amounted to EUR 16 169 thousand (31 December 2018: EUR 16 078 thousand).

As of 31 December 2019, the Company's guarantees issued to secure the obligations of its subsidiaries to their suppliers totaled EUR 792 thousand (31 December 2018: EUR 761 thousand).

10. Profit distribution

The Annual shareholders meeting of APB Apranga held on 30 April 2019 has resolved to pay EUR 7 188 thousand in dividends (EUR 0.13 per share) for the year 2018.

11. Turnover and expansion plans in 2020

The Group plans to reach EUR 263 million turnover (including VAT) in 2020, or by 6% more than actual the year 2019 turnover.

In 2020, the Group plans to renovate or open 13-17 stores. The net investment is planned to be about EUR 5-7 million.

12. Alternative performance measures

With regard to the requirements of the European Securities and Markets Authority (ESMA) Guidelines on Alternative Performance Measures, Apranga APB provides an overview of the Alternative Performance Measures (APM) used, their definition and calculation on Apranga APB website at: <http://aprangagroup.lt/en/investors/investor-relations/alternative-performance-measures>.