

APRANGA

G R O U P

APB APRANGA The Consolidated Interim Report and
Interim Consolidated Financial Statements
For the Nine months period ended 30 September 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

T A B L E O F C O N T E N T

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

1 ACTIVITY REPORT	4-8
<hr/>	
2 FINANCIAL STATEMENTS	9-12
<hr/>	
2.1 Statements of comprehensive income	
2.2 Statements of financial position	
2.3 Statements of changes in equity	
2.4 Statements of cash flows	
3 NOTES TO THE FINANCIAL STATEMENTS	13-16
<hr/>	

APB APRANGA, Company's code 121933274, Ukmerges 362, Vilnius
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019
 (all tabular amounts are in EUR thousands unless otherwise stated)

ACTIVITY REPORT

The retail turnover (including VAT) of Apranga Group reached EUR 175.4 million in 9 months 2019 or by 8.6% more than in the same period of 2018. The highest growth rates were recorded in Latvia and Lithuania (10.3% and 10.0%, accordingly). In Estonia the growth rate was 1.9%.

According to EUROSTAT data, the retail trade (except of motor vehicles, motorcycles and fuel) in Baltic States in 9 months 2019 was fastest growing in Lithuania (+6%). In Latvia and Estonia in the same period, the growth rate of retail trade was slightly slower and amounted to 4% and 5%, respectively. In 3rd quarter 2019, retail trade growth rates were a bit slower to those of the first half-year (about 4% in Lithuania, 3% in Latvia, and 4% in Estonia). European Union (28 countries) retail trade in 9 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 nine months of 2019 by countries was as follows (EUR thousand, VAT included):

Country	9 months 2019	9 months 2018	9 months 2017	2019/2018, %	2019/2017, %
Lithuania	103 212	93 834	92 527	10,0%	11,5%
Latvia	42 094	38 155	38 164	10,3%	10,3%
Estonia	30 131	29 557	28 674	1,9%	5,1%
Total:	175 438	161 546	159 365	8,6%	10,1%

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

Country	Q3 2019	Q3 2018	Q3 2017	2019/2018, %	2019/2017, %
Lithuania	38 727	34 972	34 134	10,7%	13,5%
Latvia	16 659	14 242	14 630	17,0%	13,9%
Estonia	11 412	11 088	11 327	2,9%	0,8%
Total:	66 799	60 302	60 091	10,8%	11,2%

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

Chain	9 months 2019	9 months 2018	9 months 2017	2019/2018, %	2019/2017, %
Economy ¹	22 577	21 663	22 183	4,2%	1,8%
Youth ²	41 047	34 798	31 790	18,0%	29,1%
Footwear	5 090	4 793	4 694	6,2%	8,4%
Business ³	30 492	27 343	27 876	11,5%	9,4%
Luxury ⁴	16 959	15 749	16 965	7,7%	0,0%
Zara	51 629	49 212	48 287	4,9%	6,9%
Outlets	7 644	7 988	7 570	-4,3%	1,0%
Total	175 438	161 546	159 365	8,6%	10,1%

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;

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

In 9 months 2019, Youth and Business chain's turnover increased mostly (respectively by 18.0%, and 11.5%). In the two-year period, highest increase was recorded by Youth chain (+29.1%).

In 9 months 2019, Apranga Group opened 21 stores (total area 12.8 thousand sq. m), renovated 11 stores (total area 9.7 thousand sq. m) and closed 12 stores (total area 5.1 thousand sq. m).

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

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019

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

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 capital expenditure of the retail chain expansion amounted to EUR 10.3 million in 9 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	30 09 2019	30 09 2018	30 09 2017	2019/2018, %	2019/2017, %
Lithuania	110	110	106	0,0%	3,8%
Latvia	52	43	47	20,9%	10,6%
Estonia	29	29	29	0,0%	0,0%
Total:	191	182	182	4,9%	4,9%

The number of stores by chains was as follows:

Chain	30 09 2019	30 09 2018	30 09 2017	2019/2018, %	2019/2017, %
Economy	33	32	34	3,1%	-2,9%
Youth	50	45	46	11,1%	8,7%
Footwear	14	14	14	0,0%	0,0%
Business	46	41	40	12,2%	15,0%
Luxury	28	29	27	-3,4%	3,7%
Zara	11	12	12	-8,3%	-8,3%
Outlets	9	9	9	0,0%	0,0%
Total	191	182	182	4,9%	4,9%

The total sales area operated by the Group has increased by 11.6% or by 10 thousand sq. m during the year period until 30 September 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 38.5%, compared to September 2018.

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

Country	30 09 2019	30 09 2018	30 09 2017	2019/2018, %	2019/2017, %
Lithuania	51,5	50,1	49,4	2,7%	4,1%
Latvia	27,4	19,8	20,8	38,5%	31,5%
Estonia	15,1	14,3	14,3	5,9%	5,9%
Total:	94,0	84,2	84,6	11,6%	11,2%

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.

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

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019

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

The Group has earned EUR 7.2 million of profit before income tax in 9 months 2019, while profit before taxes amounted to EUR 5.3 million in 9 months of 2018 (the increase by 36.2%). The negative impact of IFRS 16 "Leases" on the Group's profit before tax amounted to EUR 468 thousand in 9 months 2019.

In 3rd quarter the profit before income tax increased from EUR 2.7 million in 2018 to EUR 3.6 million in 2019 (+34.2%). The negative impact of IFRS 16 "Leases" on the Group's profit before tax amounted to EUR 183 thousand in Q3 2019.

EBITDA of the Group was EUR 21.9 million in 9 months 2019, and it was EUR 10.2 million in corresponding previous year period. The positive impact of IFRS 16 "Leases" on the Group's EBITDA ratio was EUR 9.9 million. EBITDA margin has increased from 7.7% to 15.1% during the year.

Main Group Indicators	9 months 2019	9 months 2018	9 months 2017
Net sales	145 239	133 033	130 043
Net sales in foreign markets	59 859	55 940	54 182
Like-for-like sales, %	5,6%	0,4%	-0,5%
Gross profit	62 233	55 774	57 688
Gross margin, %	42,8%	41,9%	44,4%
Operating profit (loss)	7 839	5 345	12 617
Operating profit margin, %	5,4%	4,0%	9,7%
EBT	7 250	5 323	12 602
EBT margin, %	5,0%	4,0%	9,7%
EBT excluding non-recurring items*	7 250	5 323	9 107
EBT margin excluding non-recurring items*, %	5,0%	4,0%	7,0%
Profit (loss) for the period	6 313	4 279	10 522
Profit for the period margin, %	4,3%	3,2%	8,1%
EBITDA	21 893	10 194	17 524
EBITDA margin, %	15,1%	7,7%	13,5%
EBITDA excluding non-recurring items*	21 893	10 194	14 029
EBITDA margin excluding non-recurring items*, %	15,1%	7,7%	10,8%
Return on equity (end of the period), %	11,3%	8,0%	19,0%
Return on assets (end of the period), %	4,0%	5,4%	12,8%
Net debt to equity, %	128,9%	-2,6%	0,3%
Current ratio, times	1,3	2,2	2,2

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

Main Group Indicators	Q3 2019	Q3 2018	Q3 2017
Net sales	55 399	49 796	49 286
Net sales in foreign markets	23 273	20 953	21 307
Like-for-like sales, %	6,6%	0,1%	-2,9%
Gross profit	23 529	20 566	21 020
Gross margin, %	42,5%	41,3%	42,6%
Operating profit (loss)	3 778	2 677	7 428
Operating profit margin, %	6,8%	5,4%	15,1%
EBT	3 584	2 670	7 423
EBT margin, %	6,5%	5,4%	15,1%
EBT excluding non-recurring items*	3 584	2 670	3 928
EBT margin excluding non-recurring items*, %	6,5%	5,4%	8,0%
Profit (loss) for the period	3 317	2 135	6 250
Profit for the period margin, %	6,0%	4,3%	12,7%
EBITDA	8 697	4 296	9 096
EBITDA margin, %	15,7%	8,6%	18,5%
EBITDA excluding non-recurring items*	8 697	4 296	5 601
EBITDA margin excluding non-recurring items*, %	15,7%	8,6%	11,4%
Return on equity (end of the period), %	5,9%	4,0%	11,3%
Return on assets (end of the period), %	2,1%	2,7%	7,6%
Net debt to equity, %	128,9%	-2,6%	0,3%
Current ratio, times	1,3	2,2	2,2

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

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

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019

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

The operating expenses of the Group totaled EUR 54.4 million in 9 months 2019 and increased by 7.9%, comparing to the same period 2018. Thus, operating expenses grew in line with sales, which grew by 9.2%. The Group had EUR 3.2 million of debts to financial institutions at the end of the reporting period (EUR 2.2 million at 30 September 2018). Debts to financial institutions increased due to higher investment in 2019.

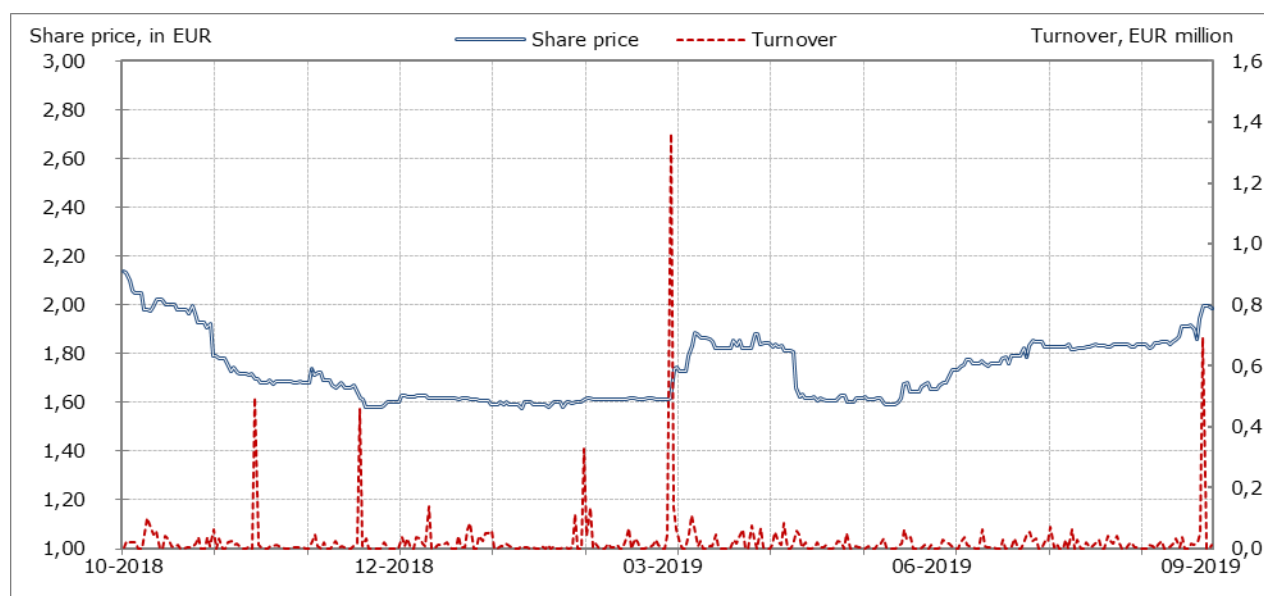
Main Group Indicators	9 months 2019	9 months 2018	Change
Net sales	145 239	133 033	9,2%
Net sales in foreign markets	59 859	55 940	7,0%
Gross profit	62 233	55 774	11,6%
Operating (expenses)	(54 394)	(50 429)	7,9%
Operating profit (loss)	7 839	5 345	46,7%
EBT	7 250	5 323	36,2%
Profit (loss) for the period	6 313	4 279	47,5%
EBITDA	21 893	10 194	114,8%

The Group's level of inventories during the last 12 months grew by 3.5% to EUR 46.9 million. Company's inventories grew by 1.1%. Due to more efficient inventory management, the Group's inventories grew more slowly than turnover.

The number of employees during the year till 30 September 2019 in the Group has increased by 209 to 2 382 (+9.6%) and remained unchanged in Company (799 employees). 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 third quarter 2019 the number of employees increased by 4 (+0.2%) in the Group and decreased by 16 (-2.0%) in the Company.

The price of the Company shares in 9 months 2019 increased by 24% from EUR 1.60 per share to EUR 1.98 per share. The maximum share price for the 9 months period was EUR 2.00 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 110 million at the end of September 2019. The weighted average price of 1 share during the reporting period was EUR 1.71. Company's share turnover was EUR 6.9 million in 9 months 2019. The share price during the last 12 months decreased from EUR 2.16 to EUR 1.98 per share, or by 8%.

Apranga APB share price in 12 months period from 1st October 2018 to 30th September 2019:



APB APRANGA, Company's code 121933274, Ukmerges 362, Vilnius
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019
 (all tabular amounts are in EUR thousands unless otherwise stated)

Information about members of the Management board on 30 September 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

APB APRANGA, Company's code 121933274, Ukmerges 362, Vilnius
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019
(all tabular amounts are in EUR thousands unless otherwise stated)

STATEMENTS OF COMPREHENSIVE INCOME

	Note	GROUP		COMPANY	
		9 months 2019	9 months 2018	9 months 2019	9 months 2018
Revenue from contracts with customers	7	145 239	-	61 505	-
Revenue	3	-	133 033	-	52 147
Cost of sales		(83 006)	(77 259)	(38 614)	(35 679)
GROSS PROFIT		62 233	55 774	22 891	16 468
Operating (expenses)		(54 490)	(50 867)	(21 424)	(20 270)
Other income		108	455	6 950	12 016
Net foreign exchange gain (loss)		(12)	(17)	(12)	(17)
OPERATING PROFIT (LOSS)		7 839	5 345	8 405	8 197
Finance income (costs)	6, 8	(589)	(22)	(261)	(22)
PROFIT (LOSS) BEFORE INCOME TAX		7 250	5 323	8 144	8 175
Income tax (expense)		(937)	(1 044)	28	(101)
PROFIT (LOSS) FOR THE YEAR	3	6 313	4 279	8 172	8 074
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME		6 313	4 279	8 172	8 074
Total comprehensive income attributable to:		6 313	4 279	8 172	8 074
Owners of the Company		6 313	4 279	8 172	8 074
Non-controlling interests		-	-	-	-
Basic and diluted earnings per share (in EUR)		0,11	0,08	0,15	0,15

	Note	GROUP		COMPANY	
		Q3 2019	Q3 2018	Q3 2019	Q3 2018
Revenue from contracts with customers	7	55 399	-	24 075	-
Revenue	3	-	49 796	-	20 367
Cost of sales		(31 870)	(29 230)	(15 580)	(14 571)
GROSS PROFIT		23 529	20 566	8 495	5 796
General and administrative expenses		(19 774)	(18 050)	(7 900)	(7 489)
Other income		32	165	32	1 426
Net foreign exchange gain (loss)		(9)	(4)	(9)	(4)
OPERATING PROFIT (LOSS)		3 778	2 677	618	(271)
Finance costs	6, 8	(194)	(7)	(84)	(7)
PROFIT (LOSS) BEFORE INCOME TAX		3 584	2 670	534	(278)
Income tax expense		(267)	(535)	(97)	(25)
PROFIT (LOSS) FOR THE YEAR		3 317	2 135	437	(303)
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME		3 317	2 135	437	(303)
Total comprehensive income attributable to:		3 317	2 135	437	(303)
Owners of the Company		3 317	2 135	437	(303)
Non-controlling interests		-	-	-	-
Basic and diluted earnings per share (in EUR)		0,06	0,04	0,01	(0,01)

APB APRANGA, Company's code 121933274, Ukmerges 362, Vilnius
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019
 (all tabular amounts are in EUR thousands unless otherwise stated)

STATEMENTS OF FINANCIAL POSITION

ASSETS		GROUP		COMPANY	
ASSETS	Note	30 09 2019	31 12 2018	30 09 2019	31 12 2018
Property, plant and equipment	4	28 735	23 257	13 618	15 116
Intangible assets		273	166	254	165
Investments in subsidiaries	5	-	-	4 963	4 913
Prepayments		839	733	191	80
Trade and other receivables		8	8	8	8
Right of use the assets	6	70 100	-	27 704	-
Financial assets		2 000	2 000	2 000	2 000
Total non-current assets		101 955	26 164	48 738	22 282
CURRENT ASSETS					
Inventories		46 906	40 563	24 895	21 924
Financial assets		724	732	724	732
Prepayments		1 829	1 529	1 064	900
Trade and other receivables		6 002	2 916	14 270	9 798
Cash and cash equivalents		1 675	7 009	347	3 119
Total current assets		57 136	52 749	41 300	36 473
Non-current assets held for sale		190	190	190	190
TOTAL ASSETS	3	159 281	79 103	90 228	58 945
EQUITY AND LIABILITIES					
EQUITY		GROUP		COMPANY	
EQUITY	Note	30 09 2019	31 12 2018	30 09 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		38 303	39 178	30 197	29 213
Total equity		55 889	56 764	47 836	46 852
NON-CURRENT LIABILITIES					
Borrowings	8	575	800	575	800
Deferred tax liabilities		1 205	1 436	254	311
Financial lease liabilities	6	57 235	-	22 526	-
Non-current employee benefits		276	552	276	552
Total non-current liabilities		59 291	2 788	23 631	1 663
CURRENT LIABILITIES					
Borrowings	8	2 578	300	4 260	2 878
Financial lease liabilities	6	13 333	-	5 340	-
Current income tax liability		722	38	161	1
Trade and other payables		27 468	19 213	9 000	7 551
Total current liabilities		44 101	19 551	18 761	10 430
Total liabilities		103 392	22 339	42 392	12 093
TOTAL EQUITY AND LIABILITIES		159 281	79 103	90 228	58 945

APB APRANGA, Company's code 121933274, Ukmerges 362, Vilnius
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019
 (all tabular amounts are in EUR thousands unless otherwise stated)

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 9 months 2018	3				4 279	4 279
Total comprehensive income		-	-	-	4 279	4 279
Transactions with owners:						
Dividends paid					(9 400)	(9 400)
Balance at 30 September 2018		16 035	1 604	(53)	35 892	53 478
Balance at 1 January 2019		16 035	1 604	(53)	39 178	56 764
Comprehensive income:						
Profit for the 9 months 2019	3				6 313	6 313
Total comprehensive income		-	-	-	6 313	6 313
Transactions with owners:						
Dividends paid	10				(7 188)	(7 188)
Balance at 30 September 2019		16 035	1 604	(53)	38 303	55 889

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 9 months 2018				8 074	8 074
Total comprehensive income		-	-	8 074	8 074
Transactions with owners:					
Dividends paid				(9 400)	(9 400)
Balance at 30 September 2018		16 035	1 604	28 193	45 832
Balance at 1 January 2019		16 035	1 604	29 213	46 852
Comprehensive income:					
Profit for the 9 months 2019				8 172	8 172
Total comprehensive income		-	-	8 172	8 172
Transactions with owners:					
Dividends paid	10			(7 188)	(7 188)
Balance at 30 September 2019		16 035	1 604	30 197	47 836

APB APRANGA, Company's code 121933274, Ukmerges 362, Vilnius
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019
(all tabular amounts are in EUR thousands unless otherwise stated)

STATEMENTS OF CASH FLOW

OPERATING ACTIVITIES	Note	GROUP		COMPANY	
		9 months 2019	9 months 2018	9 months 2019	9 months 2018
Profit (loss) before income taxes		7 250	5 323	8 144	8 175
ADJUSTMENTS FOR:					
Depreciation and amortization	6	14 054	4 849	6 226	2 201
Impairment charge (reverse)		(21)	(27)	(21)	-
Change in allowances for slow-moving inventories		219	(70)	233	(53)
(Gain) on disposal of property, plant and equipment		(11)	(6)	(4)	(4)
Write-off of property, plant and equipment		51	45	35	10
Dividends income		-	-	(6 915)	(8 200)
Interest expenses (income)	6	589	(4)	261	(21)
Total		22 131	10 110	7 959	2 108
CHANGES IN OPERATING ASSETS AND LIABILITIES:					
Decrease (increase) in inventories		(6 562)	(7 012)	(3 204)	(4 401)
Decrease (increase) in receivables		(3 484)	2 869	(2 440)	3 892
Increase (decrease) in payables		7 979	4 497	1 173	1 943
Cash generated from operations		20 064	10 464	3 488	3 542
Income taxes paid		(484)	(1 149)	131	(586)
Interest paid	8	(45)	(22)	(45)	(22)
Net cash from operating activities		19 535	9 293	3 574	2 934
INVESTING ACTIVITIES					
Interest received		32	26	55	43
Dividends received		-	-	6 915	8 200
Loans granted		(26 050)	(43 100)	(57 777)	(54 766)
Loans repayments received		26 050	43 100	55 480	54 558
Purchases of PPE and intangible assets	4	(18 324)	(4 056)	(864)	(2 722)
Proceeds on disposal of PPE	4	7 984	205	4	7
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		(10 308)	(4 892)	3 763	4 153
FINANCING ACTIVITIES					
Dividends paid	10	(7 188)	(9 400)	(7 188)	(9 400)
Proceeds from borrowings		2 718	5	42 335	36 223
Repayments of borrowings		(2 943)	(230)	(43 456)	(38 627)
Repayments of obligations under finance leases	6	(9 426)	-	(4 078)	-
Net cash from financing activities		(16 839)	(9 625)	(12 387)	(11 804)
NET INCREASE (DECREASE) IN CASH AND BANK OVERDRAFTS		(7 612)	(5 224)	(5 050)	(4 717)
CASH AND BANK OVERDRAFTS:					
AT THE BEGINNING OF THE PERIOD		7 009	7 763	3 119	4 799
AT THE END OF THE PERIOD		(603)	2 539	(1 931)	82

APB APRANGA, Company's code 121933274, Ukmerges 362, Vilnius
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019
 (all tabular amounts are in EUR thousands unless otherwise stated)

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 30 September 2019 the Group consisted of the Company and 25 subsidiaries:

Name	Country	Ownership interest in % 30 09 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 22.37% shares and indirectly through its subsidiary OU Apranga Estonia owns the rest 77.63% 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 30 September 2019, the Company had 2 935 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	5 986 653	10,8%
Swedbank AS (Estonia) clients	10060701	Liivalaia 8 Tallinn, Estonia	3 875 198	7,0%

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 30 September 2019 are not audited.

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

APB APRANGA, Company's code 121933274, Ukmerges 362, Vilnius
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019
 (all tabular amounts are in EUR thousands unless otherwise stated)

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 9 months 2019 is as follows:

9 months 2019	Lithuania	Latvia	Estonia	Total	Inter-company eliminations	Total in consolidated financial statements
Total segment revenue	98 608	35 532	25 518	159 658	-	
Inter-segment revenue	(13 477)	(783)	(408)	(14 668)	-	
Revenue from external customers (note 7)	85 131	34 749	25 110	144 990	-	144 990
Gross margin	42,3%	43,3%	43,3%	42,8%		42,8%
Profit (loss) for the year	4 180	1 789	344	6 313	-	6 313
Total assets	115 222	37 139	21 999	174 360	(15 079)	159 281
Additions to non-current assets (other than financial instruments and prepayments for leases)	4 322	13 076	974	18 372	(48)	18 324

9 months 2018	Lithuania	Latvia	Estonia	Total	Inter-company eliminations	Total in consolidated financial statements
Total segment revenue	89 252	31 862	25 002	146 116	-	
Inter-segment revenue	(12 159)	(552)	(372)	(13 083)	-	
Revenue from external customers	77 093	31 310	24 630	133 033	-	133 033
Gross margin	41,2%	42,8%	43,2%	41,9%		41,9%
Profit (loss) for the year	2 429	1 370	489	4 288	(9)	4 279
Total assets	68 324	13 371	10 570	92 265	(12 584)	79 681
Additions to non-current assets (other than financial instruments and prepayments for leases)	3 325	580	151	4 056	-	4 056

4. Investments into non-current assets

Net investments of the Group amounted to EUR 10.3 million in 9 months 2019. The Company's investments have reached EUR 0.9 million, daughter companies – EUR 9.4 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.

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

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019

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

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 30 September 2019:

	GROUP	COMPANY
ASSETS:		
Right of use the assets	70 100	27 704
NON-CURRENT LIABILITIES:		
Financial lease liabilities	57 230	22 481
CURRENT LIABILITIES:		
Financial lease liabilities	13 338	5 383
Impact on Equity	(468)	(160)

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

	GROUP	COMPANY
Depreciation expenses	9 318	3 967
Rent expenses	(9 426)	(4 078)
OPERATING PROFIT	108	111
Finance costs	576	271
PROFIT FOR THE YEAR	(468)	(160)

7. Income

For the 9 months 2019, revenue from contracts with customers consisted of the following:

	GROUP		COMPANY	
	9 months 2019	9 months 2018	9 months 2019	9 months 2018
Stores income	144 990	-	44 676	-
Wholesale income	-	-	12 953	-
Management fees	-	-	3 742	-
Gain from disposal of fixed assets, net	11	-	4	-
Other income	238	-	130	-
Total revenue from contracts with customers	145 239	-	61 505	-

8. 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 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, 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.

APB APRANGA, Company's code 121933274, Ukmerges 362, Vilnius
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019
(all tabular amounts are in EUR thousands unless otherwise stated)

9. Guarantees and letters of credit

As of 30 September 2019, guarantees issued by the credit institutions on behalf of the Company to secure the obligations of its subsidiaries to their suppliers totaled EUR 15 017 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 30 September 2019 amounted to EUR 17 153 thousand (31 December 2018: EUR 16 078 thousand).

As of 30 September 2019, the Company's guarantees issued to secure the obligations of its subsidiaries to their suppliers totaled EUR 954 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. 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>.