

APRANGA

G R O U P

APB APRANGA The Consolidated Interim Report and
Interim Consolidated Financial Statements
For the Six months period ended 30 June 2021

(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 REFISTRATION | 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 | Registru centras VJ, Vilnius branch |
| TELEPHONE NUMBER | +370 5 239 08 08 |
| E-MAIL | info@apranga.lt |
| INTERNET ADRESS | www.aprangagroup.lt |
| 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

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

INTERIM CONSOLIDATED REPORT

GENERAL INFORMATION

Interim consolidated report is prepared for the period January – June 2021.

| | |
|---------------------------------|-------------------------------------------------------------|
| Name of the Issuer: | APB Apranga |
| Legal form: | public limited liability company |
| Date and place of registration: | 1993 03 01 Board of Vilnius City |
| Code of Enterprise: | 121933274 |
| Registered office: | Ukmerges str. 362, Vilnius, LT-14311, Lithuania |
| Telephone number: | +370 5 2390808 |
| E-mail address: | info@apranga.lt |
| Internet address: | http://aprangagroup.lt |

At 30 June 2021 Apranga Group (hereinafter - the Group) consisted of the parent company APB Apranga (hereinafter - the Company) and its wholly owned subsidiaries listed below. The principal activity of the Company and its subsidiaries is retail trade of apparel.

| Name | Country | Ownership interest in % 30 06 2020 | Ownership interest in % 31 12 2019 |
|----------------------|-----------|---------------------------------------|---------------------------------------|
| 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% | 100% |
| SIA Apranga OLV | Latvia | 100% | 100% |
| SIA Apranga Ecom LV | Latvia | 100% | 100% |
| OU Apranga* | 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% |

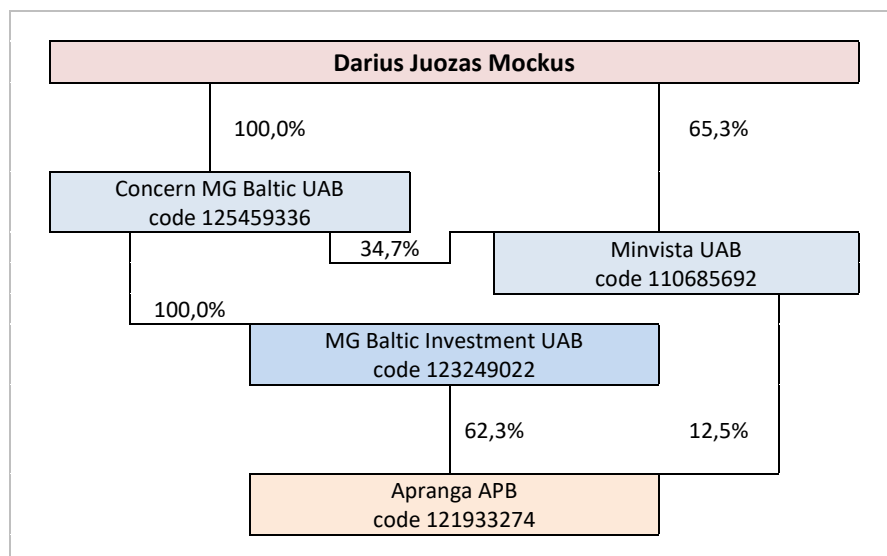
¹ The Company directly owns 14.91% shares and indirectly through its subsidiary OU Apranga Estonia owns the rest 85.09% of shares.

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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:



As of 1st July 2021, the Concern MG Baltic UAB and MG Baltic Investment UAB operate under a new company names of MG grupė UAB and MG Investment UAB, respectively. Both companies changed their registered office address to Aukštaičių st. 7, LT-11341, Vilnius. Shareholding and legal structure remain unchanged.

OPERATING HIGHLIGHTS

The retail turnover (including VAT) of Apranga Group reached EUR 81.2 million in 1st half 2021 or by 6.3% less than in 1st half 2020.

Due to epidemic coronavirus (COVID-19) infection, from 16 December 2020, all the Group's stores in Lithuania were temporarily closed. Stores in Lithuania with a separate entrance from outside and a sales area not exceeding 300 square meters had been open since 15 February 2021. All stores with a separate entrance from outside had been open since 15 March 2021. All Group's stores have been reopened in Lithuania from 19 April 2021, however, stores operating in shopping malls were not allowed to work on weekends, unless they had separate entrance from outside. Eventually, all Group's stores have been open in Lithuania as of 29 May 2021. In Latvia, stores were temporarily closed from 19 December 2020. Stores with a separate entrance from outside and an area not exceeding 7,000 square meters have been open in Latvia from 7 April 2021. Group's stores that operate in shopping malls and have separate entrance from outside were reopened as of 22 May 2021. Eventually, all Group's stores have been open in Latvia as of 3 June 2021. In Estonia, all Group's stores were temporarily closed from 11 March 2021, and from 6 March 2021 to 11 March 2021 stores were not allowed to work on weekends. All Group's stores have been reopened in Estonia from 3 May 2021. **These temporary store closures had a significant impact on the Group's generated turnover, earned profit and, accordingly, financial performance.**

According to EUROSTAT data, the retail trade (except of motor vehicles, motorcycles and fuel) in Baltic States in January-May 2021 grew in Lithuania (+15%) and Estonia (+10%). In Latvia, the retail trade remained at the level of the corresponding period of last year. In April-May 2021, retail trade demonstrated a solid recovery and grew in all three countries: by 27% in Lithuania, by 10% in Latvia and by 19% in Estonia. European Union (27 countries) retail trade in January-May 2021 increased by 8%, when in April-May 2021 the growth was 14%. The retail trade of clothing, footwear and textiles diminished in Baltic states in the period of January-May 2021 due to extended lock-down, which in particular affected physical stores.

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The retail turnover of the Group's stores in first half of 2021 by month was as follows (EUR thousand, VAT included):

| | 2021 | 2020 | 2019 | 2021/2020, % | 2021/2019, % |
|---------------|---------------|---------------|----------------|--------------|---------------|
| January | 6 651 | 19 929 | 16 972 | -66,6% | -60,8% |
| February | 8 298 | 17 318 | 15 162 | -52,1% | -45,3% |
| March | 10 598 | 8 599 | 17 656 | 23,2% | -40,0% |
| April | 12 462 | 5 160 | 18 081 | 141,5% | -31,1% |
| May | 18 635 | 15 061 | 20 596 | 23,7% | -9,5% |
| June | 24 594 | 20 667 | 20 172 | 19,0% | 21,9% |
| Total: | 81 239 | 86 734 | 108 639 | -6,3% | -25,2% |

The retail turnover of the Group's stores in first half of 2021 by countries was as follows (EUR thousand, VAT included):

| Country | 6 months 2021 | 6 months 2020 | 6 months 2019 | 2021/2020, % | 2021/2019, % |
|---------------|---------------|---------------|----------------|--------------|---------------|
| Lithuania | 52 904 | 50 658 | 64 485 | 4,4% | -18,0% |
| Latvia | 14 522 | 22 029 | 25 435 | -34,1% | -42,9% |
| Estonia | 13 813 | 14 047 | 18 719 | -1,7% | -26,2% |
| Total: | 81 239 | 86 734 | 108 639 | -6,3% | -25,2% |

The retail turnover of the Group's stores by countries during the second quarter of 2021 was (EUR thousand, VAT included):

| Country | Q2 2021 | Q2 2020 | Q2 2019 | 2021/2020, % | 2021/2019, % |
|---------------|---------------|---------------|---------------|--------------|--------------|
| Lithuania | 37 053 | 23 864 | 33 974 | 55,3% | 9,1% |
| Latvia | 10 710 | 10 756 | 14 722 | -0,4% | -27,3% |
| Estonia | 7 929 | 6 267 | 10 153 | 26,5% | -21,9% |
| Total: | 55 692 | 40 887 | 58 849 | 36,2% | -5,4% |

The online turnover of the Group's stores in first half of 2021 was as follows (EUR thousand, VAT included):

| | 6 months 2021 | 6 months 2020 | 6 months 2019 | 2021/2020, % | 2021/2019, % |
|-----------------------------------|---------------|---------------|---------------|--------------|--------------|
| Online turnover | 28 713 | 10 043 | 4 104 | 2.9 times | 7.0 times |
| Relative weight in total turnover | 35,3% | 11,6% | 3,8% | | |

The Group's online turnover increased 2.9 times in the first half of the year, and its relative weight in total turnover increased from 11.6% to 35.3% compared to the corresponding period of the previous year. Online turnover increased particularly significantly due to the temporary closure of physical stores during the quarantine period caused by COVID-19.

The retail turnover of the Group's stores by chains in first half of 2021 was as follows (EUR thousand, VAT included):

| Chain | 6 months 2021 | 6 months 2020 | 6 months 2019 | 2021/2020, % | 2021/2019, % |
|-----------------------|---------------|---------------|----------------|--------------|---------------|
| Economy ¹ | 6 222 | 10 064 | 14 190 | -38,2% | -56,2% |
| Youth ² | 20 167 | 20 192 | 25 066 | -0,1% | -19,5% |
| Footwear | 942 | 1 963 | 3 302 | -52,0% | -71,5% |
| Business ³ | 13 280 | 15 667 | 18 845 | -15,2% | -29,5% |
| Luxury ⁴ | 9 780 | 9 533 | 9 983 | 2,6% | -2,0% |
| Zara | 27 773 | 25 613 | 32 346 | 8,4% | -14,1% |
| Outlets | 3 075 | 3 702 | 4 907 | -16,9% | -37,3% |
| Total | 81 239 | 86 734 | 108 639 | -6,3% | -25,2% |

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

² Aprangos galerija, Moskitos, Mango, Bershka, Pull & Bear, Stradivarius, Desigual, Oysho, AlX Armani Exchange;

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

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

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In 6 months 2021, Apranga Group opened 1 store, renovated 6 stores and 6 stores were closed. Sales area of renovated and newly opened stores total to 6.3 thousand sq. m.. The net capital expenditure of the Group amounted to EUR 3.6 million in first half 2021 (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 06 2021 | 30 06 2020 | 30 06 2019 | 2021/2020, % | 2021/2019, % |
|-----------|------------|------------|------------|--------------|--------------|
| Lithuania | 101 | 106 | 111 | -4,7% | -9,0% |
| Latvia | 48 | 51 | 49 | -5,9% | -2,0% |
| Estonia | 25 | 27 | 29 | -7,4% | -13,8% |
| Total: | 174 | 184 | 189 | -5,4% | -7,9% |

The number of stores by chains was as follows:

| Chain | 30 06 2021 | 30 06 2020 | 30 06 2019 | 2021/2020, % | 2021/2019, % |
|----------|------------|------------|------------|--------------|--------------|
| Economy | 29 | 35 | 33 | -17,1% | -12,1% |
| Youth | 47 | 47 | 50 | 0,0% | -6,0% |
| Footwear | 11 | 13 | 14 | -15,4% | -21,4% |
| Business | 40 | 41 | 45 | -2,4% | -11,1% |
| Luxury | 28 | 28 | 26 | 0,0% | 7,7% |
| Zara | 11 | 11 | 12 | 0,0% | -8,3% |
| Outlets | 8 | 9 | 9 | -11,1% | -11,1% |
| Total | 174 | 184 | 189 | -5,4% | -7,9% |

The total *sales area* operated by the Group has decreased by 0.9% or by 0.8 thousand sq. m. during the year period until 30 June 2021.

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

| Country | 30 06 2021 | 30 06 2020 | 30 06 2019 | 2021/2020, % | 2021/2019, % |
|-----------|------------|------------|------------|--------------|--------------|
| Lithuania | 50,1 | 50,4 | 50,0 | -0,5% | 0,2% |
| Latvia | 27,0 | 27,4 | 25,2 | -1,2% | 7,3% |
| Estonia | 15,4 | 15,6 | 15,1 | -1,7% | 1,6% |
| Total: | 92,5 | 93,4 | 90,4 | -0,9% | 2,4% |

In six months 2021, The Group had EUR 1.2 million profit *before income tax*, while the Group has made a loss of EUR 0.5 million in the same period of 2020.

Management estimates that due to the COVID-19 pandemic and the temporary closure of stores, the Group lost about EUR 37-39 million of turnover (including VAT), out of which about EUR 50 million were lost in physical stores, the Group did not receive about EUR 15-16 million of gross profit and did not earn about 3.5 million of profit before income tax during the period of January-May 2021.

EBITDA of the Group was EUR 11.2 million in six months 2021, and it was EUR 10.2 million in corresponding previous year period (+10.1%). *EBITDA* margin has increased from 14.0% to 16.4% during the year.

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| Main Group Indicators | 6 months 2021 | 6 months 2020 | 6 months 2019 |
|-----------------------------------------|------------------|------------------|------------------|
| Net sales | 68 251 | 72 950 | 89 840 |
| Net sales in foreign markets | 23 802 | 30 163 | 36 586 |
| Like-for-like sales, % | - | - | 4,5% |
| Gross profit | 27 489 | 29 113 | 38 704 |
| Gross margin, % | 40,3% | 39,9% | 43,1% |
| Operating profit (loss) | 1 667 | 49 | 4 061 |
| Operating profit margin, % | 2,4% | 0,1% | 4,5% |
| EBT | 1 162 | (492) | 3 666 |
| EBT margin, % | 1,7% | -0,7% | 4,1% |
| Profit (loss) for the period | 957 | (579) | 2 996 |
| Profit for the period margin, % | 1,4% | -0,8% | 3,3% |
| EBITDA | 11 212 | 10 186 | 13 196 |
| EBITDA margin, % | 16,4% | 14,0% | 14,7% |
| Return on equity (end of the period), % | 1,5% | -1,0% | 5,7% |
| Return on assets (end of the period), % | 0,6% | -0,4% | 2,2% |
| Net debt to equity, % | 54,9% | 91,8% | 121,2% |
| Current ratio, times | 1,6 | 1,4 | 1,4 |

The *operating expenses* of the Group totaled EUR 25.8 million in 6 months 2021 and decreased by 11.2%, comparing to the same period 2020. Thus, the operating expenses decrease exceeded the decrease in sales, which fell by 6.4%. This was mainly driven by government subsidies received to compensate for idle time of employees during the lock-down as well as working capital subsidies granted by government in Latvia. The decision of the Group's shareholders not to pay dividends for 2020 had a positive impact on debt and liquidity ratios.

| Main Group Indicators | 6 months 2021 | 6 months 2020 | Change |
|------------------------------|------------------|------------------|---------|
| Net sales | 68 251 | 72 950 | -6,4% |
| Net sales in foreign markets | 23 802 | 30 163 | -21,1% |
| Gross profit | 27 489 | 29 113 | -5,6% |
| Operating (expenses) | (25 822) | (29 064) | -11,2% |
| Operating profit (loss) | 1 667 | 49 | 3302,0% |
| EBT | 1 162 | (492) | -336,2% |
| Profit (loss) for the period | 957 | (579) | -265,3% |
| EBITDA | 11 212 | 10 186 | 10,1% |

The Group's *level of inventories* during the last 12 months increased by 13% to EUR 36.2 million. Company's inventories increased by 9%.

The number of employees at 30 June 2021 and the average monthly salary by categories in 1st half 2021 were as follows:

| Employee category | Group | Company | Group | Company |
|-------------------|---------------------|---------|-----------------------------|---------|
| | Number of employees | | Average monthly salary, EUR | |
| Administration | 174 | 115 | 2 552 | 2 785 |
| Stores' personnel | 1 851 | 527 | 1 135 | 1 177 |
| Logistics | 57 | 57 | 1 261 | 1 261 |
| Total | 2 082 | 699 | 1 319 | 1 559 |

The number of employees during the year till 30 June 2021 in the Group has increased by 60 to 2 082 (3.0%) and has decreased in Company by 10 to 699 (-1.4%). Average monthly salary was calculated by considering only a number of months factually worked, i.e. months of idle time and corresponding subsidies received were taken out of account.

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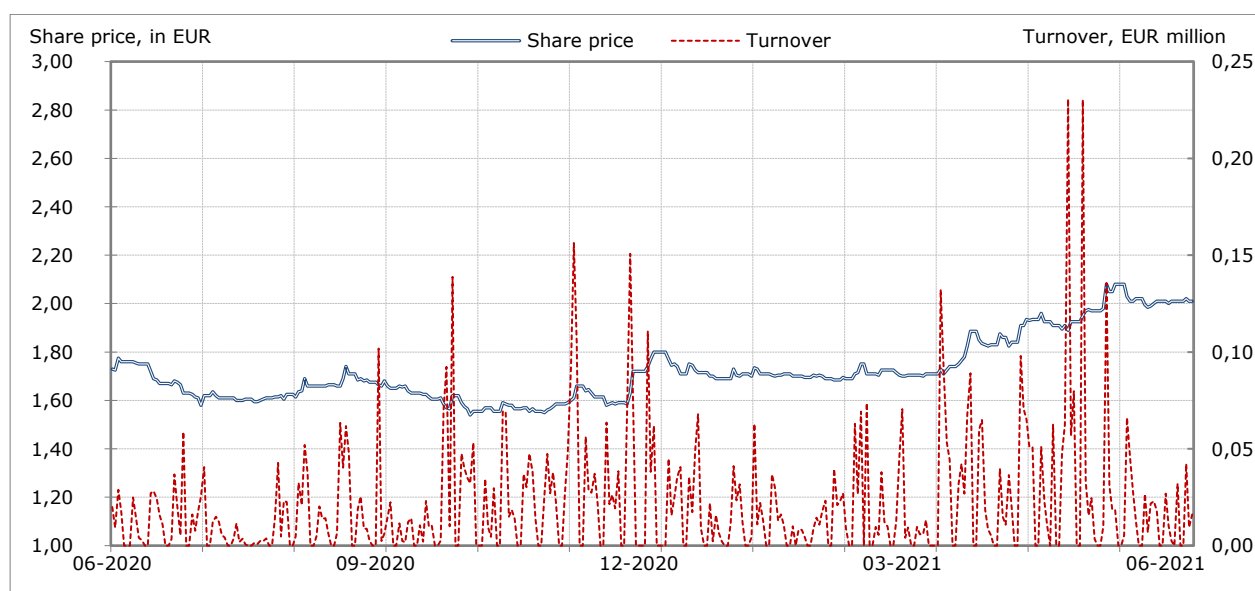
(all tabular amounts are in EUR thousands unless otherwise stated)

Education of employees by categories on 30 June 2021 was as follows:

| Education level | Group | Company |
|-----------------|--------------|------------|
| Higher | 428 | 230 |
| Professional | 306 | 124 |
| Secondary | 484 | 133 |
| Primary | 43 | 13 |
| Student | 821 | 199 |
| Total: | 2 082 | 699 |

The price of the Company shares in 6 months 2021 increased by 12% from EUR 1.80 per share to EUR 2.01 per share. The maximum share price during the six months period was EUR 2.10 per share, minimum share price - EUR 1.68 per share. The market capitalization of the Company increased from EUR 100 million at the beginning of the year to EUR 111 million at the end of June 2021. The weighted average price of 1 share during the reporting period was EUR 1.83. Company's share turnover was EUR 4.2 million in 6 months 2021. The share price during the last 12 months increased from EUR 1.73 to EUR 2.01 per share, or by 16%.

Apranga APB share price in 12 months period from 1st July 2020 to 30th June 2021:



OPERATIONAL PLANS

In 2021 Apranga Group plans to renovate or open a total of 15 stores. The net investment is planned to be about EUR 5 million.

Considering unclear trends of coronavirus developments and different scenarios of business restrictions, the management estimates that the Group may reach a turnover (including VAT) from EUR 204 to 230 million in year 2021.

RISK MANAGEMENT

Financial risk factors

The risk management function within the Group is carried out in respect of financial risks (credit, market, currency, liquidity and interest rate), operational risks and legal risks. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimize operational and legal risks.

The financial risks relate to the following financial instruments: trade receivables, cash and cash equivalents, trade and other payables, bonds and borrowings. The accounting policy with respect to these financial instruments is the same as it was in 2020.

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Credit risk

Credit risk is managed on Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with high credit ratings are accepted. Sales to wholesale customers are rare and immaterial; therefore, risk control only assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Sales to retail customers are settled in cash or using major credit cards.

Company's credit risk arising from trade receivables from subsidiaries and loans to subsidiaries is managed by controlling financial performance of subsidiaries on a monthly basis.

The Company and the Group has no significant concentration of credit risk.

Liquidity risk

Liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity reserve (comprises undrawn borrowing facility and cash and cash equivalents) on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the Group in accordance with practice set by the Group. In addition, the Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these; and maintaining debt financing plans.

Market risk

Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates. The Company has loans to subsidiaries with floating interest rates, but the cash flow risk is mitigated by applying the same variable element of interest rate on those loans as the banks are charging the Company.

The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk, but this is not included in sensitivity analysis as the change in interest rates has no impact on profit or equity of the Group.

The Company's and Group's borrowings consist of loans with floating interest rate, which is related to EURIBOR. The Company and the Group did not use any derivative financial instruments in order to control the risk of interest rate changes.

Trade and other receivables and payables are interest-free and have settlement dates within one year.

The Group's cash flow and fair value interest rate risk is periodically monitored by the Group's management. It analyses its interest rate exposure on a dynamic basis taking into consideration refinancing, renewal of existing positions, alternative financing. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Based on the simulations performed, management considers the impact on post-tax profit of a 0.5% shift in interest rates to be not material to the financial statements of the Group and the Company.

Foreign exchange risk

The Company and the Group has a policy to synchronize the cash flows from expected sales in the future with the expected purchases and other expenses in each foreign currency. Substantially all the Group's payables and receivables are short-term and in addition revenues and expenses in foreign currencies are insignificant (less than 10%) as compared to those in Euro. At the moment the Company and the Group to some extent uses derivative financial instruments in order to control foreign currencies exchange risk. The use of derivative financial instruments is limited to forward foreign currency (US dollar) purchase transactions with maturities of less than 30 days.

The Group operates in Lithuania, Latvia and Estonia, and during the reporting period used Euro currency. Since Estonia, Latvia and Lithuania introduced the Euro (respectively, since 1st January 2011, 1st January 2014 and 1st January 2015), so there is no exchange rate fluctuations.

Price risk

The Group is not exposed to the market risk with respect to financial instruments as it does not hold any equity securities.

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Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

In addition, the Group should comply with the financial covenants imposed in the agreements with SEB bankas AB and Luminor Bank AB. The Group and the Company followed the covenants as at 30 June 2021.

SECURITIES

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 on Nasdaq Vilnius Stock Exchange. All Company's shares give equal rights to shareholders.

Each owner of the ordinary registered share has the following property rights:

- 1) To receive part of the company's profit (dividend);
- 2) To receive a part of the assets of the company in liquidation;
- 3) To receive shares without payment if the share capital is increased out of the company's funds, except the cases specified in the Law on Companies.
- 4) To have the pre-emption right to acquire the shares or convertible debenture issued by the company, except in cases when General Shareholder's Meeting pursuant to Law on Companies decides to withdraw the pre-emption right in acquiring the company's issued shares for all shareholders;
- 5) As provided by laws to lend to the company, however the company borrowing from its shareholders has no right to mortgage or pledge its assets to shareholders. When the company borrows from a shareholder, the interest may not be higher than the average interest rate offered by commercial banks of the locality where the lender has his/her place of residence or business, which was in effect on the day of conclusion of the loan agreement. In such a case the company and shareholders are prohibited from negotiating a higher interest rate;
- 6) To receive Company's funds in event the share capital is decreased on purpose to pay Company's funds to shareholders;
- 7) Shareholders have other property rights provided by laws of the Republic of Lithuania.

Each owner of the ordinary registered share has the following non-property rights:

- 1) To attend and vote in General Shareholder's Meetings. One ordinary registered share grants to its owner one vote at the General Shareholders' Meeting. The right to vote at the General Shareholder's Meeting may be withdrawn or restricted in cases established by laws of the Republic of Lithuania, also in cases when share ownership is contested;
- 2) to submit to the company in advance the questions related to the issues on the agenda of the general meeting of shareholders;
- 3) To receive information on the company as provided by legislation;
- 4) To file a claim to the court requesting compensation of damage to company resulting from non-performance or improper performance of the duties of the Manager of the Company or members of the Board of the company which duties have been prescribed by law and these Articles of Association of the company as well as in other cases as may be prescribed by law;
- 5) Other non-property rights prescribed by law.

As of 30 June 2021, the Company had 3 992 shareholders. Company's shareholders that control over 5% votes in General Shareholder Meeting were as follows:

| 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 | 6 929 542 | 12,5% |
| Swedbank AS (Estonia and Latvia) clients | 10060701 | Liivalaia 8 Tallinn, Estonia | 3 646 846 | 6,6% |

The Company has concluded the contract with SEB bankas AB on securities account management.

General Shareholders' Meeting has a right to amend the Articles of Association under the qualified majority of votes, which may not be less than 2/3 of all votes the shareholders attending at the Meeting, except for the exceptions specified by Law on Companies.

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CORPORATE GOVERNANCE

The management bodies of the Company are as follows: General Shareholders' Meeting, a collegial management body – Board, and a single-person management body – Manager of the Company.

Competence of *General Shareholders' Meeting* is the same as specified by the Law on Companies. Competence of General Shareholders' Meeting additionally includes adoption of the resolutions on the composition of the Audit Committee of the Company, including the appointment and removal of individual members of the Audit Committee, and approving the charter of the Audit Committee.

The Board, consisting of six members, is elected by General Shareholders' Meeting for a 4-year term. Company's Board members election and revocation procedure is the same as specified by Law on Companies. Starting from 29th April 2021 two independent Board members are elected to the Board. Consequently, starting from that date the Board performs the supervisory functions provided for in Paragraph 11 of Article 34 of the Law on Companies.

Company's Board activity is conducted by chairman of the Board. The Board elects its chairman from among its members.

The Board continues in office for the period established in the Articles of Association or until a new Board is elected and assumes the office but not longer than until the annual General Shareholders' Meeting during the final year of its term of office.

Board of Company considers and approves:

- 1) The activity strategy of the Company;
- 2) The interim and annual report of the Company;
- 3) The management structure of the Company and the positions of the employees;
- 4) The positions to which employees are recruited by competition;
- 5) Regulations of branches and representative offices of the Company.

The Board adopts the following resolutions:

- 1) Resolutions for the Company to become an incorporator or a member of other legal entities;
- 2) Resolutions to establish branches and representative offices of the Company;
- 3) Resolutions to invest, dispose of or lease the tangible long-term assets the book value whereof exceeds 1/20 of the share capital of the Company (calculated individually for every type of transaction);
- 4) Resolutions to pledge or mortgage the tangible long-term assets the book value whereof exceeds 1/20 of the share capital of the Company (calculated for the total amount of transactions);
- 5) Resolutions to offer surety or guarantee for the discharge of obligations of third persons the amount whereof exceeds 1/20 of the share capital of the Company;
- 6) Resolutions to acquire the tangible long-term assets the price whereof exceeds 1/20 of the share capital of the Company;
- 7) Resolutions to restructure the Company in the cases laid down in the Law on Restructuring of Enterprises;
- 8) Resolutions regarding issuance of debenture of the Company (except issuance of convertible debenture);
- 9) Resolutions regarding transactions with related parties, as provided by Law on Companies, where these transactions have a significant impact on the company, its finances, assets and liabilities. Transactions with related parties shall be considered to have a significant impact on the company, its finances, assets and liabilities, if the total value (the total value of one transaction or the total value of continuous transactions within one calendar year) of such a transaction exceeds 1/2 of the company's authorized capital;
- 10) Other resolutions within the competence of the Board as prescribed by the Articles of Association or the resolutions of the General Shareholders' Meeting.

The Board analyses and assesses the documents submitted by the Manager of the Company on:

- 1) The implementation of the activity strategy of the Company;
- 2) The organization of the activities of the Company;
- 3) Financial standing of the Company;
- 4) The results of economic activities, income and cost estimates, the stocktaking data and other accounting data of changes in the assets.

The Board elects and removes from office the Manager of the Company, in accordance with the remuneration policy approved by the company fixes his/her remuneration and sets other terms of the employment agreement, approves his/her job description, provides incentives and imposes penalties.

The Board analyses and assesses the Company's draft annual financial statement and draft of profit/loss distribution and submits them to the General Shareholders' Meeting together with the annual report of the Company.
The Board is responsible for convening and arrangement of the General Shareholders' Meeting in due time.

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Each member of the Board is entitled to initiate convening of the Board meeting. The Board may adopt resolutions and its meeting shall be deemed to have taken place when the meeting is attended by 2/3 or more members of the Board. The resolution of the Board is adopted if more votes for it are received than the votes against it. In the event of a tie, the Chairman of the Board shall have the casting vote. The member of the Board is not entitled to vote when the meeting of the Board discusses the issue related to his/her activities on the Board or the issue of his/her responsibility.

The Manager of the Company - General Director - is a single-person management body of the Company. The Manager of the Company acts at his/her own discretion in relation of the Company with other persons.

The Manager of the Company is elected and removed from office by the Board which also fixes his/her salary, approves his/her job description, provides incentives and imposes penalties. The employment agreement is concluded with the Manager of the Company and is signed on behalf of the Company by the Chairman of the Board or other person authorized by the Board. In his/her activities the Manager of the Company complies with laws and other legal acts, Articles of Association, General Shareholders' Meeting resolutions, Board resolutions, his/her job descriptions.

The Manager of the Company acts on behalf of the Company and is entitled to enter into the transactions at his/her own discretion. The Manager of the Company may conclude the following transactions provided that there is a decision of the Board to enter into these transactions: to invest, dispose of or lease the tangible long-term assets the book value whereof exceeds 1/20 of the share capital of the Company (calculated individually for every type of transaction); to pledge or mortgage the tangible long-term assets the book value whereof exceeds 1/20 of the share capital of the Company (calculated for the total amount of transactions); to offer surety or guarantee for the discharge of obligations of third persons the amount whereof exceeds 1/20 of the share capital of the Company; to acquire the tangible long-term assets the price whereof exceeds 1/20 of the share capital of the Company as well as to conclude transactions with related parties, where these transactions have a significant impact on the company, its finances, assets and liabilities, as these significance criteria are specified in Articles of Association of the company.

The Manager of the Company is responsible for:

- 1) The organization of the Company's activity and implementation of its objectives;
- 2) The drawing up of the set of annual financial statements and the drafting of the annual report of the Company;
- 3) The drawing up of a draft remuneration policy;
- 4) The drawing up of a draft remuneration report;
- 5) Concluding an agreement with the auditor or firm of auditors;
- 6) Submission of information and documents to the shareholders, General Shareholders' Meeting and the Board in cases prescribed by Law on Companies or at their request;
- 7) Submission of the documents and data of the Company to manager of the Register of Legal Entities;
- 8) Submission of documents to the Bank of Lithuania and Central Securities Depository;
- 9) Public announcement of information prescribed by Law on Companies in a source indicated in Articles of Association;
- 10) Submission of information to shareholders;
- 11) Preparation of the draft decision of the distribution of dividends for the period, shorter than a financial year, composition of the set of the interim financial reports and the preparation of the interim report for the decision of the distribution of dividends for the period, shorter than a financial year;
- 12) Notification to the shareholders and the Board about the most important events that have a significance for the company's activities
- 13) Preparation of draft rules for granting shares;
- 14) The performance of other duties prescribed by laws as well as in the Articles of Association and the job descriptions of the Manager of the Company.

The Manager of the Company organizes daily activities of the Company, hires and dismisses employees, concludes and terminates employment contracts with them, provides incentives and imposes penalties.

The Manager of the Company is responsible for preparation of the draft share subscription agreement and its data correctness. The Manager of the Company issues authorizations and procurations within the scope of its competence.

The Manager of the Company is accountable and regularly reports to the Board on the implementation of Company's activity strategy, the organization of the Company's activity, the financial standing of the Company, the results of economic activity, the income and cost estimates, the stocktaking data and other accounting data of changes in the assets.

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BOARD OF THE COMPANY

On 27 April 2018 the Annual General Meeting of Company shareholders elected Company's members of the Board for new 4-year term. 27th April 2022 is the end term for Company's Board. On 29 April 2021 the Annual General Meeting of the Company shareholders has recalled two members of the Board and two independent Board members were elected instead.



Darius Mockus
Chairman of the Board

Darius Mockus (born in 1965) - Chairman of the Board since 2 May 2002 (member of the Board since 23 March 1995). Education: Vilnius University, Faculty of Economics, Industrial Planning. He has no Company shares. With related companies Minvista UAB (Code of Enterprise: 110685692; Registered office: Jasinskio 16, Vilnius) and MG Baltic Investment UAB (Code of Enterprise: 123249022; Registered office: Jasinskio 16B, Vilnius) he has 41 371 731 shares, representing 74.82% of the share capital and votes.



Vidas Lazickas
Member of the Board

Vidas Lazickas (born in 1965) - Member of Board of APB Apranga since 29 April 2011. Education: Vilnius University, Faculty of Economics, specialization in Production Management and Organization He has 221 300 shares of the Company, representing 0.40% of the share capital and votes.



Ilona Šimkūnienė
Member of the Board, Purchasing Director

Ilona Šimkūnienė (born in 1963) - Apranga Group Purchasing Director, Member of Board of APB Apranga since 27 March 1998, in the Company since 1985. Education: Vilnius University, Faculty of Trade, specialization in Trade Economics. She has no Company shares.



Ramūnas Gaidamavičius
Member of the Board, Development Director

Ramūnas Gaidamavičius (born in 1968) - Apranga Group Development Director, Member of Board of APB Apranga since 30 April 2010, in the Company since 2002. Education: Vilnius University of Technology, Faculty of Mechanics, specialization in Machine Building. He has 5 000 shares of the Company, representing 0.01% of the share capital and votes.



Jonas Jokštys
Member of the Board, independent

Jonas Jokštys (born in 1982 m.) - Member of Board of APB Apranga since 29th April 2021 m. Education: Stocholm School of Economics in Riga (2000-2003) Bachelor of Economics and Business Administration and London School of Economics and Political Science (2005-2006) Master of Philosophy and Political Science. Other titles not related with the activities in Board of the Company: UAB Elmoris, Board member, UAB Vendos, CEO, UAB Imum, CEO, UAB Žemaitijos žemė, CEO. He has no Company shares.

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Gintaras Juškauskas

Member of the Board, independent

Gintaras Juškauskas (born in 1970 m.) - Member of Board of APB Apranga since 29th April 2021 m. Education: Vilnius University, Finance faculty (1998-2003), Master of Economics and Vilnius University, Law faculty (2010-2013), Master of Law. Other titles not related with the activities in Board of the Company: Gintaro Juškausko IJ, CEO, UAB MERITS, auditor, associated partner. He has no Company shares.

RELATED PARTY TRANSACTIONS

The Company's transactions with related parties are disclosed in Note 7 to interim consolidated and Company's financial statements.

COMPLIANCE WITH THE GOVERNANCE CODE

In six months 2021, there were no essential changes related to Apranga APB report for year 2020 concerning the compliance with the Governance Code for the companies listed on the regulated market.

PUBLICLY ANNOUNCED INFORMATION

During the period from the start of 2021 to 30th June 2021 Company publicly announced and broadcasted through Nasdaq Vilnius stock exchange information distribution system Globe Newswire and own webpage the following information:

| Date | Title |
|------------|----------------------------------------------------------------------------------------------------------|
| 2021-01-05 | Turnover of Apranga Group in December 2020 and total year 2020 |
| 2021-02-01 | Turnover of Apranga Group in January 2021 |
| 2021-02-26 | Apranga Group interim information for 12 months of 2020 |
| 2021-03-01 | Turnover of Apranga Group in February 2021 |
| 2021-04-01 | Turnover of Apranga Group in March 2021 |
| 2021-04-06 | Notice of the Annual General Meeting of APB "APRANGA" shareholders |
| 2021-04-06 | Draft resolutions of the Annual General Meeting of APB APRANGA shareholders to be held on April 29, 2021 |
| 2021-04-07 | Notification on Apranga Group CFO change |
| 2021-04-28 | Apranga Group interim report for three months of 2021 |
| 2021-04-29 | Resolutions of the Annual General Meeting of Apranga APB shareholders |
| 2021-04-29 | Apranga APB annual information 2020 |
| 2021-05-03 | Turnover of Apranga Group in April 2021 |
| 2021-05-19 | Notification on Apranga APB manager's related party transactions |
| 2021-05-19 | Notification on manager's related party transactions |
| 2021-05-21 | Notification on manager's related party transactions |
| 2021-05-21 | Notification on manager's related party transactions |
| 2021-05-26 | Notification on manager's related party transactions |
| 2021-06-01 | Turnover of Apranga Group in May 2021 |
| 2021-06-28 | Notification on manager's related party transactions |
| 2021-06-28 | Notification on manager's related party transactions |

Contents of above mentioned announcements can be obtained on Nasdaq Vilnius Stock Exchange webpage <http://www.nasdaqomxbaltic.com/market/?pg=details&instrument=LT0000102337&list=2&tab=news&lang=en> and on Company's webpage <http://aprangagroup.lt/en/investors/news-and-material-events>.

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STATEMENTS OF COMPREHENSIVE INCOME

| | Note | GROUP | | COMPANY | |
|-----------------------------------------------|------|------------------|------------------|------------------|------------------|
| | | 6 months 2021 | 6 months 2020 | 6 months 2021 | 6 months 2020 |
| Revenue from contracts with customers | 5 | 68 251 | 72 950 | 26 827 | 27 936 |
| Cost of sales | | (40 762) | (43 837) | (16 728) | (18 052) |
| GROSS PROFIT | | 27 489 | 29 113 | 10 099 | 9 884 |
| Operating (expenses) | | (28 012) | (29 208) | (10 854) | (10 945) |
| Other income | | 2 191 | 147 | 422 | 2 546 |
| Net foreign exchange gain (loss) | | (1) | (3) | (1) | (3) |
| OPERATING PROFIT (LOSS) | | 1 667 | 49 | (334) | 1 482 |
| Finance income | | 16 | 16 | 35 | 55 |
| Finance (costs) | | (521) | (557) | (240) | (241) |
| PROFIT (LOSS) BEFORE INCOME TAX | | 1 162 | (492) | (539) | 1 296 |
| Income tax (expense) | | (205) | (87) | 94 | (51) |
| PROFIT (LOSS) FOR THE PERIOD | 3 | 957 | (579) | (445) | 1 245 |
| Other comprehensive income | | - | - | - | - |
| TOTAL COMPREHENSIVE INCOME | | 957 | (579) | (445) | 1 245 |
| Total comprehensive income attributable to: | | 957 | (579) | (445) | 1 245 |
| Owners of the Company | | 957 | (579) | (445) | 1 245 |
| Non-controlling interests | | - | - | - | - |
| Basic and diluted earnings per share (in EUR) | | 0,02 | (0,01) | (0,01) | 0,02 |

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STATEMENTS OF FINANCIAL POSITION

| ASSETS | | GROUP | | COMPANY | |
|--------------------------------------|----------|----------------|----------------|---------------|---------------|
| ASSETS | Note | 30 06 2021 | 31 12 2020 | 30 06 2021 | 31 12 2020 |
| Property, plant and equipment | | 26 287 | 25 999 | 13 616 | 12 705 |
| Intangible assets | | 531 | 534 | 497 | 497 |
| Investments in subsidiaries | | - | - | 4 963 | 4 963 |
| Prepayments | | 2 899 | 1 465 | 393 | 230 |
| Trade and other receivables | | 4 | 4 | 4 | 4 |
| Right-of-use assets | | 57 930 | 64 203 | 22 607 | 24 951 |
| Financial assets | | 2 400 | 2 400 | 2 400 | 2 400 |
| Total non-current assets | | 90 051 | 94 605 | 44 480 | 45 750 |
| CURRENT ASSETS | | | | | |
| Inventories | | 36 223 | 35 434 | 20 990 | 19 759 |
| Financial assets | | 716 | 732 | 716 | 732 |
| Prepayments | | 3 498 | 1 110 | 3 022 | 1 080 |
| Trade and other receivables | | 3 388 | 2 143 | 11 544 | 11 817 |
| Cash and cash equivalents | | 29 657 | 26 209 | 17 151 | 19 863 |
| Total current assets | | 73 482 | 65 628 | 53 423 | 53 251 |
| Non-current assets held for sale | | - | 71 | - | 71 |
| TOTAL ASSETS | 3 | 163 533 | 160 304 | 97 903 | 99 072 |
| EQUITY AND LIABILITIES | | | | | |
| EQUITY | Note | 30 06 2021 | 31 12 2020 | 30 06 2021 | 31 12 2020 |
| 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 | | 46 853 | 45 896 | 34 817 | 35 262 |
| Total equity | | 64 439 | 63 482 | 52 456 | 52 901 |
| NON-CURRENT LIABILITIES | | | | | |
| Borrowings | 6 | 50 | 200 | 50 | 200 |
| Tax liabilities | | 3 997 | 7 597 | 1 831 | 3 773 |
| Deferred tax liabilities | | 902 | 1 008 | - | 96 |
| Non-current lease liabilities | | 48 543 | 53 936 | 18 954 | 20 993 |
| Non-current employee benefits | | 167 | 126 | 167 | 126 |
| Total non-current liabilities | | 53 659 | 62 867 | 21 002 | 25 188 |
| CURRENT LIABILITIES | | | | | |
| Borrowings | 6 | 300 | 300 | 7 233 | 8 468 |
| Tax liabilities | | 11 289 | 4 964 | 5 240 | 2 243 |
| Current lease liabilities | | 12 148 | 12 758 | 4 644 | 4 897 |
| Current income tax liability | | 312 | 938 | 80 | 2 |
| Trade and other payables | | 21 386 | 14 995 | 7 248 | 5 373 |
| Total current liabilities | | 45 435 | 33 955 | 24 445 | 20 983 |
| Total liabilities | | 99 094 | 96 822 | 45 447 | 46 171 |
| TOTAL EQUITY AND LIABILITIES | | 163 533 | 160 304 | 97 903 | 99 072 |

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STATEMENTS OF CHANGES IN EQUITY

| GROUP | Note | Share capital | Legal reserve | Translation reserve | Retained earnings | Total |
|-----------------------------------|------|---------------|---------------|---------------------|-------------------|---------------|
| Balance at 1 January 2020 | | 16 035 | 1 604 | (53) | 40 960 | 58 546 |
| Comprehensive income: | | | | | | |
| Loss for the 6 months 2020 | 3 | | | | (579) | (579) |
| Total comprehensive income | | - | - | - | (579) | (579) |
| Balance at 30 June 2020 | | 16 035 | 1 604 | (53) | 40 381 | 57 967 |
| Balance at 1 January 2021 | | 16 035 | 1 604 | (53) | 45 896 | 63 482 |
| Comprehensive income: | | | | | | |
| Profit for the 6 months 2021 | 3 | | | | 957 | 957 |
| Total comprehensive income | | - | - | - | 957 | 957 |
| Balance at 30 June 2021 | | 16 035 | 1 604 | (53) | 46 853 | 64 439 |

| COMPANY | | Share capital | Legal reserve | Retained earnings | Total |
|-----------------------------------|--|---------------|---------------|-------------------|---------------|
| Balance at 1 January 2020 | | 16 035 | 1 604 | 31 196 | 48 835 |
| Comprehensive income: | | | | | |
| Profit for the 6 months 2020 | | | | 1 245 | 1 245 |
| Total comprehensive income | | - | - | 1 245 | 1 245 |
| | | 16 035 | 1 604 | 32 441 | 50 080 |
| Balance at 1 January 2021 | | 16 035 | 1 604 | 35 262 | 52 901 |
| Comprehensive income: | | | | | |
| Loss for the 6 months 2021 | | | | (445) | (445) |
| Total comprehensive income | | - | - | (445) | (445) |
| Balance at 30 June 2021 | | 16 035 | 1 604 | 34 817 | 52 456 |

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STATEMENTS OF CASH FLOW

| OPERATING ACTIVITIES | Note | GROUP | | COMPANY | |
|------------------------------------------------------------|----------|------------------|------------------|------------------|------------------|
| | | 6 months 2021 | 6 months 2020 | 6 months 2021 | 6 months 2020 |
| Profit (loss) before income taxes | | 1 162 | (492) | (539) | 1 296 |
| ADJUSTMENTS FOR: | | | | | |
| Depreciation and amortization | | 9 545 | 10 137 | 3 601 | 3 904 |
| Impairment charge (reversal) | | (8) | (5) | - | - |
| Change in allowances for slow-moving inventories | | (612) | 151 | 560 | 489 |
| (Gain) on disposal of property, plant and equipment | | 1 | (15) | 1 | (13) |
| Write-off of property, plant and equipment | | 87 | 12 | 82 | - |
| Dividend income | | (56) | - | (56) | (2 511) |
| Interest expenses | | 505 | 541 | 205 | 186 |
| Total | | 10 624 | 10 329 | 3 854 | 3 351 |
| CHANGES IN OPERATING ASSETS AND LIABILITIES: | | | | | |
| Decrease (increase) in inventories | | (177) | 7 883 | (1 791) | 1 348 |
| Decrease (increase) in receivables | | (4 982) | (405) | (2 691) | (1 183) |
| Increase (decrease) in payables | | 9 157 | 19 | 2 971 | (686) |
| Cash generated from operations | | 14 622 | 17 826 | 2 343 | 2 830 |
| Income taxes paid | | (937) | (93) | 76 | (87) |
| Interest paid | | (521) | 459 | (240) | 143 |
| Net cash from operating activities | | 13 164 | 18 192 | 2 179 | 2 886 |
| INVESTING ACTIVITIES | | | | | |
| Interest received | | 16 | 16 | 35 | 55 |
| Dividends received | | 56 | - | 56 | 2 511 |
| Loans granted | | - | (12 800) | (6 013) | (22 121) |
| Loans repayments received | | - | 12 800 | 6 958 | 23 739 |
| Purchases of PPE and intangible assets | 4 | (5 114) | (3 399) | (2 295) | (1 218) |
| Proceeds on disposal of PPE | 4 | 1 479 | 661 | 45 | 131 |
| Net cash used in investing activities | | (3 563) | (2 722) | (1 214) | 3 097 |
| FINANCING ACTIVITIES | | | | | |
| Dividends paid | | - | 1 | - | 1 |
| Proceeds from borrowings | | - | - | 25 | 10 717 |
| Repayments of borrowings | | (150) | (150) | (1 410) | (10 067) |
| Payment of principal portion of lease liabilities | | (6 003) | (6 914) | (2 292) | (2 795) |
| Net cash from financing activities | | (6 153) | (7 063) | (3 677) | (2 144) |
| NET INCREASE (DECREASE) IN CASH AND BANK OVERDRAFTS | | 3 448 | 8 407 | (2 712) | 3 839 |
| CASH AND BANK OVERDRAFTS: | | | | | |
| AT THE BEGINNING OF THE PERIOD | | 26 209 | 6 712 | 19 863 | 4 557 |
| AT THE END OF THE PERIOD | | 29 657 | 15 119 | 17 151 | 8 396 |

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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 30 June 2021 the Group consisted of the Company and 25 subsidiaries:

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 June 2021 are not audited.

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 6 months 2021 is as follows:

| 6 months 2021 | Lithuania | Latvia | Estonia | Total | Inter-company eliminations | Total in consolidated financial statements |
|------------------------------------------|-----------|--------|---------|---------|----------------------------|--------------------------------------------|
| Total segment revenue | 48 508 | 12 982 | 11 913 | 73 403 | - | |
| Inter-segment revenue | (4 105) | (816) | (277) | (5 198) | - | |
| Revenue from external customers (note 5) | 44 403 | 12 166 | 11 636 | 68 205 | - | 68 205 |
| Gross margin | 40,7% | 35,8% | 42,9% | 40,3% | | 40,3% |
| Profit (loss) for the year | 785 | 338 | (166) | 957 | - | 957 |
| Total assets | 128 132 | 35 074 | 19 119 | 182 325 | (18 792) | 163 533 |
| Additions to non-current assets | 5 084 | 9 | 24 | 5 117 | (3) | 5 114 |

| 6 months 2020 | Lithuania | Latvia | Estonia | Total | Inter-company eliminations | Total in consolidated financial statements |
|---------------------------------|-----------|--------|---------|---------|----------------------------|--------------------------------------------|
| Total segment revenue | 46 860 | 18 608 | 12 189 | 77 657 | - | |
| Inter-segment revenue | (4 599) | (280) | (354) | (5 233) | - | |
| Revenue from external customers | 42 261 | 18 328 | 11 835 | 72 424 | - | 72 424 |
| Gross margin | 38,3% | 40,6% | 41,9% | 39,5% | | 39,5% |
| Profit (loss) for the period | 47 | (350) | (276) | (579) | - | (579) |
| Total assets | 110 520 | 34 138 | 21 554 | 166 212 | (16 248) | 149 964 |
| Additions to non-current assets | 1 730 | 1 422 | 260 | 3 412 | (13) | 3 399 |

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4. Investments into non-current assets

Net investments of the Group amounted to EUR 3.6 million in 6 months 2021. The Company's investments have reached EUR 2.2 million, daughter companies – EUR 1.4 million.

5. Income

For the H1 2021 revenue from contracts with customers consisted of the following:

| | GROUP | | COMPANY | |
|----------------------------------------------------|---------------|---------------|---------------|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| Stores income | 68 205 | 72 424 | 21 294 | 21 867 |
| Wholesale income | - | - | 3 915 | 4 278 |
| Management fees | - | - | 1 587 | 1 761 |
| Other income | 46 | 526 | 31 | 30 |
| Total revenue from contracts with customers | 68 251 | 72 950 | 26 827 | 27 936 |

6. 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 2021, the Company and LUMINOR bank signed the amendments to the previously concluded financial liability limit agreements. According to these amendments, credit repayment terms of both EUR 10 000 thousand and EUR 5 000 thousand (non-binding financial liabilities limit) limits were prolonged until 30 June 2022. 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.

7. Related party transactions

The Company's and the Group's transactions with related parties and balances arising from these transactions as of 30 June 2021 were as follows:

| Related parties | Accounts payable | | Accounts receivable and loans granted | | Income | | Purchases | |
|-------------------------------------------------------------|------------------|------------|---------------------------------------|----------|----------|-----------|------------|------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| UAB Konzernas MG Baltic (the ultimate parent company) | 12 | 12 | - | - | - | - | 54 | 57 |
| As per ultimate parent company associated companies: | | | | | | | | |
| UAB Mineraliniai vandenys | - | - | - | - | - | - | 8 | 12 |
| UAB Mediafon Technology | 2 | - | - | - | - | - | 12 | - |
| UAB MG Baltic Investment | 5 | 5 | - | - | - | - | 26 | 26 |
| UAB DARNU GROUP | - | - | - | - | - | - | - | 8 |
| UAB Palangos Varūna | - | 4 | - | - | - | - | - | - |
| LNK Group | - | - | - | - | - | 13 | - | 28 |
| UAB MG Baltic Media | 3 | - | - | - | - | - | - | - |
| UAB Eminta | 84 | 85 | - | - | - | - | 255 | 219 |
| UAB MV GROUP | - | - | 1 | - | - | - | - | - |
| Total | 106 | 106 | 1 | - | - | 13 | 355 | 350 |

Prevailing types of related party contracts are rent, management service fee, advertising, centralized services (telecommunications, utilities etc.).

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

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021

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

The Company's transactions with subsidiaries and balances arising from these transactions as of 30 June 2021 were as follows:

| Subsidiaries | Borrowings and accounts payable | | Loans and accounts receivable | | Income | | Purchases | |
|----------------------|---------------------------------|--------------|-------------------------------|---------------|--------------|--------------|------------|------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| UAB Apranga LT | 3 649 | 2 274 | 28 | 95 | 415 | 1 902 | 81 | 59 |
| UAB Apranga BPB LT | 1 050 | 360 | 13 | 22 | 71 | 271 | 11 | 7 |
| UAB Apranga PLT | 609 | 284 | 7 | 18 | 53 | 251 | 11 | 6 |
| UAB Apranga SLT | 331 | 90 | - | 14 | 58 | 252 | 56 | 8 |
| UAB Apranga MLT | 930 | 565 | - | 28 | 88 | 342 | 54 | 13 |
| UAB Apranga HLT | 315 | 25 | 9 | 9 | 39 | 34 | 2 | 2 |
| UAB Apranga OLT | 107 | 107 | 6 | 5 | 17 | 63 | 1 | 3 |
| UAB Apranga Ecom LT | - | 2 | - | - | - | - | - | - |
| SIA Apranga | - | - | 5 485 | 4 970 | 1 861 | 3 081 | 94 | 25 |
| SIA Apranga LV | - | 548 | 54 | 15 | 172 | 191 | 4 | 31 |
| SIA Apranga BPB LV | - | - | 8 | 89 | 24 | 27 | - | 2 |
| SIA Apranga PLV | - | - | 7 | 266 | 15 | 29 | - | 2 |
| SIA Apranga SLV | 2 | - | - | 58 | 17 | 25 | 9 | 2 |
| SIA Apranga MLV | - | - | 16 | 862 | 40 | 75 | - | 9 |
| SIA Apranga HLV | - | - | 4 | 272 | 13 | 15 | - | - |
| SIA Apranga OLV | - | - | 86 | 432 | 10 | 16 | - | - |
| SIA Apranga Ecom LV | - | - | - | - | - | - | - | - |
| OU Apranga | - | - | 3 497 | 2 547 | 2 256 | 1 849 | 3 | 9 |
| OU Apranga Estonia | - | - | 360 | 927 | 167 | 162 | 5 | 23 |
| OU Apranga BEE | - | 93 | 94 | 4 | 16 | 16 | - | 1 |
| OU Apranga PB Trade | - | - | 670 | 863 | 17 | 21 | - | 2 |
| OU Apranga ST Retail | 3 | 104 | 110 | 3 | 13 | 14 | 10 | 2 |
| OU Apranga MDE | - | 69 | 37 | 9 | 34 | 33 | 1 | 3 |
| OU Apranga HEST | - | - | 3 | 143 | 19 | 15 | - | - |
| OU Apranga Ecom EE | 3 | 4 | - | - | - | - | - | - |
| Total | 6 999 | 4 525 | 10 494 | 11 651 | 5 415 | 8 684 | 342 | 209 |

Prevailing types of intra-group transactions are centralized supplies of goods for resale, management service fees, centralized purchasing of services (telecommunications, IT, utilities and etc.), financing, and distribution of earnings. Dividend income in amount of EUR 2 400 thousand received from the subsidiaries in six months 2020 is presented in 'Income received' together with other income (no dividend income received in 2021).

8. Guarantees and letters of credit

As of 30 June 2021, guarantees issued by the credit institutions on behalf of the Company to secure the obligations of its subsidiaries to their suppliers totaled EUR 14 168 thousand (31 December 2020: EUR 14 159 thousand). The letters of credit and guarantees provided to suppliers by the credit institutions on behalf of the Group as of 30 June 2021 amounted to EUR 15 851 thousand (31 December 2020: EUR 15 843 thousand).

As of 30 June 2021, the Company's guarantees issued to secure the obligations of its subsidiaries to their suppliers totaled EUR 781 thousand (31 December 2020: EUR 818 thousand).

9. Profit distribution

The Annual shareholders meeting of APB Apranga held on 29 April 2021 has resolved not to pay dividends for the year 2020.

10. 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>.