|  |  |  |  |
| --- | --- | --- | --- |
|  | Background Information |  |  |
|  | Recommendation structure as of 10 October 2017Large Corporations & Institutions’ recommendation structure consists of three recommendations: Buy, Neutral (Hold), Reduce. The recommendations are based on an absolute return for the security 12 months forward. The absolute return includes share price appreciation and dividend yield combined.The recommendations for the securities mentioned in this report are based on risk and return considerations. The higher the risk category of the investment, the higher the required return. For equity investments, returns are defined as capital appreciation and dividends received over the investment horizon of 12 months forward. The expected capital appreciation is the ratio of a stock’s target price over the current price. A company risk rating depends on its stock price volatility, liquidity and business outlook. The target price depends on a company’s fundamentals as well as the market valuation of peer stocks, and can be changed at any time if the relevant changes occur within a company/market perception of the peer group. “Buy”, “Neutral (Hold)” and “Reduce” recommendations may be used in this report. The table below presents the relationship between recommendations and target prices compared to risk level of the stock. These are indicative ranges and actual recommendations may deviate from the indications if other relevant issues are considered.**Buy**: The minimum expected upside is 10% over next 12 months (the minimum required upside could be higher in light of the company’s risk profile).**Neutral** (Hold): The expected upside is below 10% (the expected upside could be higher in light of the company’s risk profile).**Reduce**: There is an expected downside.**No Reco:** The stock is not covered. A recommendation, target price and/or financial forecast is not disclosed further to compliance and/or other regulatory considerations.Swedbank Large Corporates & Institutions Equity Research department bases the recommendation on a variety of standard valuation models. For example: the DCF value that discounts future cash flow at present value; the relative valuation of the share versus others peers (international or national); news that can have a positive or negative effect on the share price; and relative and absolute multiples such as EV/EBITDA, EV/EBIT, PE, PEG and Net Asset models for companies with liquid markets for their assets. Break-up valuation models are also sometimes considered.For Swedbank’s previous recommendations please follow the link: <https://research.swedbank.se/files/RecoTrackList/RecoTrackListBaltic.pdf>Old recommendation structureLarge Corporations & Institutions’ old recommendation structure (prior to 10 Oct. 2017) consisted of five recommendations: Strong Buy, Buy, Neutral, Reduce and Sell.. The recommendations were based on an absolute return for the security 12 months forward.  |  |
|  |

|  |  |
| --- | --- |
| Strong buy | The absolute return is estimated to be in excess of 15% |
| Buy (B) | The absolute return is estimated to be between 5% and 25% |
| Neutral (N) | The absolute return is estimated to be between 0% and 10% |
| Reduce (R) | The absolute return is estimated to be between 5% and -10% |
| Sell (S) | The absolute return is estimated to be less than -5% |

 |  |
|  | Recommendation by the 29.08.2022 |  |  |
|  |  | Baltic Company Research team recommendations |  |
|  | Apranga performance, recommendation history and target value |  |
|  |  |  |
|  | The graph “Performance, recommendation history and target value” shows how our Recommendation and Target Price have changed over the last two years. The date for the recommendation changes are also indicated above the colored fields. The colors indicate our three recommendations: |  |
|  |

|  |  |
| --- | --- |
| Buy |  |
| Neutral |  |
| Reduce |  |

 |  |
|  | The Target Price is shown as a black line and the steps indicate changes in the Target Price and when they occurred. The orange line shows how the stock price has fluctuated during this period. *Source: Swedbank LC&I (recommendations, target prices) and Factset (prices)* |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Information to the customer |  |  |  |  |
|  | **Issuer and recipients**This report is issued by Large Corporations & Institutions Equity Research division of Swedbank AB (Lithuania) (“Swedbank”). Swedbank is under the supervision of the Bank of Lithuania. Swedbank AS disseminates this report in Estonia. Swedbank AS is under the supervision of the Estonian Financial Supervision Authority (Finantsinspektsioon). Swedbank AS (Latvia) disseminates this report in Latvia. Swedbank AS (Latvia) is under the supervision of the Latvian Financial Supervisory Authority (Finanšu un kapitāla tirgus komisija). In no instances is the report altered before dissemination. This research report is produced for the private information of recipients and Swedbank is not advisory nor soliciting any action based upon it. If you are not a client of ours, you are not entitled to receive this research report. The Equity Research report is not, and should not be construed as, an offer to sell or solicitation of an offer to buy any securities. For further information on Large Corporates & Institutions Equity Research products distributed by Baltic Equity Research unit, please turn to the following link: <https://www.swedbank.ee/disclaimers/EquityProducts.pdf>.**Analyst’s certification**The analyst(s) responsible for the content of this report hereby confirm that notwithstanding the existence of any such potential conflicts of interest referred to herein, the views expressed in this report accurately reflect our personal views about the companies and securities covered. The analyst(s) further confirm not to have been, nor are or will be, receiving direct or indirect compensation in exchange for expressing any of the views or the specific recommendation contained in the report.**Limitation of liability**All information, including statements of fact, contained in this research report have been obtained and compiled in good faith from sources believed to be reliable. However, no representation or warranty, express or implied, is made by Swedbank with respect to the completeness or accuracy of its contents, and it is not to be relied upon as authoritative and should not be taken in substitution for the exercise of reasoned, independent judgment by you. Swedbank would like to point out that recipients of the report should note that investments in capital markets e.g. such as in this document carry economic risks and statements regarding future assessments are compounded with uncertainty. The recipients and clients of Swedbank, Swedbank AS (Estonia) and Swedbank AS (Latvia) are responsible for such risks and they are recommended to supplement their decision-making information with that material which is assessed to be necessary, including but not limited to knowledge on the financial instruments in question and on the prevailing requirements as regards trading in financial instruments. Opinions contained in the report represent the analyst's present opinion only and may be subject to change. In the event that the analyst's opinion should change or a new analyst with a different opinion becomes responsible for our coverage of the company, Swedbank shall endeavour (but do not undertake) to disseminate any such change, within the constraints of any regulations, applicable laws, internal procedures within Swedbank, or other circumstances. If you are in doubt as to the meaning of the recommendation structure used by Swedbank in its research, please refer to section “Recommendation structure”.To the extent permitted by applicable law, no liability whatsoever is accepted by Swedbank for any direct, indirect or consequential loss arising from the use of this report. |  |  | **Conflicts of interest**All research reports are produced by Large Corporations & Institutions’ Research department, which is separated from the rest of its activities by a Chinese wall; as such, research reports are independent and based solely on publicly available information. The analysts at Large Corporations & Institutions Equity Research division own securities mentioned in this report, representing no more than 5% of the total share capital or voting rights of any company mentioned in this report if not indicated otherwise. Internal guidelines are implemented in order to ensure the integrity and independence of research analysts. The guidelines include rules regarding, but not limited to, contacts with covered companies, personal involvement in covered companies, participation in investment banking activities and supervision and review of research reports. Large Corporations & Institutions Equity Research division would like to point out that any company mentioned in this report may have been provided a section of this report prior to its publication in order to verify its factual accuracy and the report may have been amended after that, if necessary.The remuneration of staff within the Large Corporations & Institutions Equity Research division may include discretionary awards based on the firm’s total earnings, including investment banking income; staff, however, shall not receive remuneration based upon specific investment banking transactions. Swedbank shall not receive compensation from the company being analyzed for making an investment recommendation or enter into an agreement with the said company to make an investment recommendation.**Company specific disclosures and potential conflicts of interest**In view of Swedbank’s position in its markets, recipients of this report should assume that it may currently (or may in the coming three months and beyond) be providing or seeking to provide confidential investment banking services to the companies referred to in this report and that an agreement regarding such services may have been in effect over the previous 12 months, under which Swedbank may have received payments. Recipients of this report should also note that it may happen that Swedbank, its directors, its employees or its subsidiary companies at various times have had, or have sought, positions, advisory assignments in connection with corporate finance transactions, investment or merchant banking assignments and/or lending as regards companies and/or financial instruments covered by this report. **Market-making obligations and other significant financial interests**Swedbank has no market-making obligations in Apranga.**Investment banking activities**Swedbank has no ongoing or completed public investment banking transactions with Apranga. In view of Swedbank’s position in its markets readers should however assume that the bank may currently (or may in the coming three months and beyond) be providing or seeking to provide confidential investment banking services to the company/companies referred to in this report.**Major shareholdings in the Company**Swedbank doesn’t own a net short or long positions exceeding 0.5 per cent of the total issued share capital in Apranga.**Planned updates** An investment recommendation for a company that Large Corporations & Institutions Equity Research division monitors is normally updated when the company has published an interim report. An update is made after the publication as soon as possible considering the circumstances. In certain cases, a recommendation may be updated in the days leading up to the said report. When required – for example, if the company has some extraordinary items of news – an investment recommendation may also be updated during the period in between the reporting dates. **Reproduction and dissemination**This material may not be reproduced without permission from Large Corporations & Institutions Equity Research division. The report may not be disseminated to any natural or legal persons who are citizens of, or have a domicile in a country in which dissemination is not permitted according to applicable legislation or other decisions.Information contained in this report is confidential and is intended to be used solely by the clients of Swedbank Group to whom this report was addressed. By accepting this report you have accepted the declared restrictions. |  |
|  | **.** |  |  |  |  |
|  | Swedbank Group, 2022, All rights reserved. |
|  | Companies mentioned in this report do not have shareholdings exceeding 5% in any Swedbank Group company. For information regarding the Bank and its internal organizational and administrative arrangements for the prevention and avoidance of conflicts of interest, refer to the following addresses: |
|  | Swedbank AS in Estonia | http://www.swedbank.ee | Liivalaia 8, 15040 Tallinn, Estonia |
|  | Swedbank AS in Latvia | http://www.swedbank.lv | Balasta Dambis 15, Riga, LV-1048 Latvia |
|  | Swedbank” AB in Lithuania | <http://www.swedbank.lt> | Konstitucijos ave. 20A, 03502 Vilnius, Lithuania |