



## **AS Silvano Fashion Group**

### **Consolidated Interim Financial Report for Q4 and 12 months of 2019 (unaudited)**

(translation of the Estonian original) \*

Beginning of the reporting period	1 January 2019
End of the reporting period	31 December 2019
Business name	AS Silvano Fashion Group
Registration number	10175491
Legal address	Tulika 17, 10613 Tallinn
Telephone	+372 684 5000
Fax	+372 684 5300
E-mail	<a href="mailto:info@silvanofashion.com">info@silvanofashion.com</a>
Website	<a href="http://www.silvanofashion.com">www.silvanofashion.com</a>
Core activities	Design, manufacturing and distribution of women's lingerie
Auditor	Ernst & Young Baltic AS

*\* This version of our report is a translation from the original, which was prepared in Estonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.*

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## Management Report

### General information about AS Silvano Fashion Group

AS Silvano Fashion Group (hereinafter “the Group”) is a holding company that controls group of entities involved in the design, manufacturing, wholesale, franchise and retail sales of ladies lingerie. The Group’s revenue is generated by sales of Milavitsa, Alisee, Aveline, Lauma Lingerie, Laumelle and Hidalgo brand products through wholesale channels, franchised sales and own retail operated via Milavitsa and Lauma Lingerie retail stores. Key sales markets for the Group are Russia, Belarus, Ukraine, other CIS countries and the Baltics.

The parent company of the Group is AS Silvano Fashion Group (hereinafter “the Parent company”), which is domiciled in Estonia. AS Silvano Fashion Group registered address is Tulika 15/17, Tallinn, Estonia.

The shares of the Group are listed on the Nasdaq OMX Tallinn Stock Exchange and on the Warsaw Stock Exchange.

As of 31 December 2019 the Group employed 1 888 people (as of 31 December 2018: 2 073 people).

The Group comprises of the following entities:

<b>Parent company</b>	<b>Location</b>	<b>Main activity</b>	<b>Ownership interest 31.12.2019</b>	<b>Ownership interest 31.12.2018</b>
AS Silvano Fashion Group	Estonia	Holding		
<b>Entities belonging to the Silvano Fashion Group</b>				
Silvano Fashion ZAO	Russia	Retail and Wholesale	100%	100%
Silvano Fashion OOO	Belarus	Retail and Wholesale	100%	100%
Silvano Fashion TOV	Ukraine	Wholesale	100%	100%
Silvano Fashion SIA	Latvia	Retail	100%	100%
Milavitsa SP ZAO	Belarus	Manufacturing and Wholesale	84.96%	84.96%
Yunona OAO	Belarus	Manufacturing and Wholesale	58.33%	58.33%
Gimil OOO	Belarus	Manufacturing and Wholesale	100%	100%
Lauma Lingerie AS	Latvia	Manufacturing and Wholesale	100%	100%
Alisee SARL	Monaco	Holding	99%	99%
Stolichnaja Torgovaja Kompanija “Milavitsa” ZAO	Russia	Holding	100%	100%
Baltsped logistik OOO	Belarus	Logistics	50%	50%

## **Business environment and results**

The Group's sales amounted to 56 943 thousand EUR during the 12 months of 2019, representing a 8.5% decrease as compared to the same period for the previous year. The Group's gross profit during the 12 months of 2019 amounted to 29 651 thousand EUR and decreased by 14.4% compared to 12 months of 2018. The Gross margin during the 12 months of 2019 decreased to 52.1% from 55.6% as compared to 12 months of 2018.

Consolidated operating profit for 12 months of 2019 decreased by 28.3% to 12 712 thousand EUR, compared to 17 736 thousand EUR in 12 months of 2018. Consolidated EBITDA for 12 months of 2019 decreased by 11.9% and was 17 004 thousand EUR, compared to 19 310 thousand EUR in 12 months of 2018.

Reported consolidated net profit for 12 months of 2019 amounted to 11 149 thousand EUR, decreasing by 3.3% as compared to the result of 11 525 thousand EUR in the prior year's same period. Net profit attributable to equity holders of the Parent company for 12 months of 2019 decreased by 1.2% and amounted to 10 663 thousand EUR.

According to the Russian Federal State Statistics Service (Rosstat) in December, consumer prices rose 0.4% over the previous month, up slightly from November's 0.3% climb. The upturn was led by higher prices for food products, while prices for non-food goods and services rose more modestly. Inflation dipped from 3.5% in November to 3.0% in December, marking the ninth consecutive month of easing inflation and the lowest reading since July 2018. Lastly, annual average inflation ticked down to 4.5% from 4.6% in the previous month. For 2020 expect inflation to end the year at 3.8%.

Industrial output rose 2.1% year-on-year in December, accelerating from November's meagre 0.3% increase which had marked the weakest result since December 2017. On a monthly basis, industrial production edged up 0.2% in seasonally- and calendar-adjusted terms, rebounding from November's 0.6% dip. Meanwhile, annual average growth in industrial production remained stable at November's 2.4%. The FocusEconomics panel of analysts expects industrial output to expand 2.5% this year, which is up 0.1 percentage points from last month's forecast. For 2021, the panel also expects industrial production to increase 2.5%.

The Group's sales on the Russian market totalled 33 582 thousand EUR, decrease is 9.9% compared to 12 months of 2018. Local currency sales decreased by 11.5% during 12 months of 2019 compared to the same 12 months of 2018. A total of 43 own stores are now operating. The Group will continue opening its own stores.

According to Belstat Consumer prices rose 0.5% over the previous month in December, following November's 0.2% increase. The acceleration chiefly reflected a rebound in prices for non-food goods and stronger increase services prices. Meanwhile, food price growth remained unchanged in December. Inflation dipped to a 17-month low of 4.7% in December, from 5.0% in November, thus landing below the Central Bank's 5.0% target for the first time in over a year. Meanwhile, annual average inflation ticked down to 5.6% in December, from 5.7% in November.

FocusEconomics Consensus Forecast participants project inflation will average 5.4% in 2020, which is down 0.1 percentage points from last month's forecast, and 5.1% in 2021.

Industrial production jumped 4.3% on an annual basis in December, accelerating from the 1.7% increase logged in November. Lastly, annual average growth in industrial production ticked up to 1.0% in December, from 0.8% in November. FocusEconomics panelists project that industrial production will expand 2.4% in 2020, which is down 0.3 percentage points from last month's projection, and 2.2% in 2021.

The Group's sales in Belarus in the 12 months of 2019 were 16 082 thousand EUR and increased by 2.0% compared to the 12 months of 2018. Sales in local currency increased by 2.2% during the same period. In Belarus the Group will focus on improving profitability of its retail business.

According to the data released by the State Statistics Service of Ukraine consumer prices decreased 0.2% month-on-month in December, contrasting November's 0.1% increase. According to the Statistical Institute, falling prices for clothing, and housing and utilities drove the monthly decline. Inflation dropped to 4.1% in December, from 5.1% in November and marked the lowest reading since March 2014. Accordingly, inflation fell below the Central Bank's medium-term 5.0% target quicker than expected. Meanwhile, annual average inflation declined from November's 8.4% to 7.9%.

Industrial production plunged 7.7% over the same month last year in December, marking the worst reading since July 2015. The result was slightly below November's 7.5% drop. A comprehensive release of performance by sub-sectors has not yet been made available.

FocusEconomics Consensus Forecast panelists project that industrial output will grow 1.9% in 2020, which is unchanged from last month's forecast. For 2021, the panel expects industrial production to rise 2.9%.

The Group's sales in Ukraine in the 12 months of 2019 were 1 543 thousand EUR and decreased by 48.5% compared to the 12 months of 2018. Sales in local currency decreased by 49.7% during the same period.

## Sales structure

### Sales by markets

Group sales in its 3 major markets – Russia, Belarus and Ukraine – were 89.9% of its total sales. Measured in local currencies sales decrease was accordingly – -11.5% in Russia and -49.7% in Ukraine. In Belarus sales in local currency increased by 2.2%

	12m 2019	12m 2018	Change	Change, %
Russia, th RUB	2 406 844	2 720 748	-313 904	-11.5%
Belarus, th BYN	37 918	37 107	811	2.2%
Ukraine, th UAH	45 238	89 992	-44 754	-49.7%

Group's sales results by markets measured in EUR are presented below:

in thousands of EUR	12m 2019	12m 2018	Change, EUR	Change, %	12m 2019, % of sales	12m 2018, % of sales
Russia	33 582	37 272	-3 690	-9.9%	59.0%	59.9%
Belarus	16 082	15 773	309	2.0%	28.2%	25.4%
Ukraine	1 543	2 999	-1 456	-48.5%	2.7%	4.8%
Baltics	1 323	1 582	-259	-16.4%	2.3%	2.5%
Other markets	4 413	4 587	-174	-3.8%	7.8%	7.4%
<b>Total</b>	<b>56 943</b>	<b>62 213</b>	<b>-5 270</b>	<b>-8.5%</b>	<b>100.0%</b>	<b>100.0%</b>

The majority of lingerie sales revenue during 12 months of 2019 in the amount 33 582 thousand EUR was generated in Russia, accounting for 59.0% of total sales. The second largest market was Belarus, where sales were 16 082 thousand EUR, contributing 28.2% of lingerie sales (both retail and wholesale). Volumes in Ukraine were 1 543 thousand EUR, accounting for 2.7% of total sales.

### Sales by business segments

in thousands of EUR	12m 2019	12m 2018	Change, EUR	Change, %	12m 2019, % of sales	12m 2018, % of sales
Wholesale	36 546	42 148	-5 602	-13.2%	64.2%	67.7%
Retail	20 137	19 999	138	0.7%	35.4%	32.2%
Other operations	260	66	194	293.9%	0.4%	0.1%
<b>Total</b>	<b>56 943</b>	<b>62 213</b>	<b>-5 270</b>	<b>-8.5%</b>	<b>100.0%</b>	<b>100.0%</b>

During 12 months of 2019 wholesale revenue amounted to 36 546 thousand EUR, representing 64.2% of the Group's total revenue (12 months of 2018: 67.7%). The main wholesale regions were Russia, Belarus and Ukraine.

Our retail revenue increased by 0.7% and amounted to 20 137 thousand EUR, this represents 35.4% of the Group's total revenue.

### Own & franchise store locations, geography

	Own	Franchise	Total
Russia	43	358	401
Ukraine	0	71	71
Belarus	61	0	61
Baltics	6	23	29
Other regions	0	104	104
<b>Total</b>	<b>110</b>	<b>556</b>	<b>666</b>

At the end of the reporting period the Group and its franchising partners operated 628 Milavitsa and 38 Lauma Lingerie brand stores, including 110 stores operated directly by the Group.

## Selected Financial Indicators

Summarized selected financial indicators of the Group for 12 months of 2019 compared to 12 months of 2018 and 31.12.2019 compared to 31.12.2018 were as follows:

in thousands of EUR	12m 2019	12m 2018	Change
Revenue	56 943	62 213	-8.5%
EBITDA	17 004	19 310	-11.9%
Net profit for the period	11 149	11 525	-3.3%
Net profit attributable equity holders of the Parent company	10 663	10 796	-1.2%
Earnings per share (EUR)	0,30	0,30	0.0%
Operating cash flow for the period	15 086	11 240	34.2%

in thousands of EUR	31.12.2019	31.12.2018	Change
Total assets	46 309	45 504	1.8%
Total current assets	27 123	34 904	-22.3%
Total equity attributable to equity holders of the Parent company	26 324	27 462	-4.1%
Cash and cash equivalents	5 152	13 603	-62.1%

Margin analysis, %	12m 2019	12m 2018	Change
Gross profit	52,1	55,6	-6.3%
EBITDA	29,9	31,0	-3.5%
Net profit	19,6	18,5	5.9%
Net profit attributable to equity holders of the Parent company	18,7	17,4	7.5%

Financial ratios, %	31.12.2019	31.12.2018	Change
ROA	22,2	22,9	-3.1%
ROE	38,9	34,7	12.1%
Price to earnings ratio (P/E)	7,3	7,7	-5.2%
Current ratio	2,7	2,4	12.5%
Quick ratio	0,8	1,2	-33.3%

### Underlying formulas:

EBITDA = net profit for the period + depreciation and amortisation + net financial income + income tax expense + gain on net monetary position

Gross profit margin = gross profit / revenue

EBITDA margin = EBITDA / revenue

Net profit margin = net profit / revenue

Net profit margin attributable to equity holders of the Parent company = net profit attributable to equity holders of the Parent company / revenue

ROA (return on assets) = net profit attributable to owners of the Company for the last 4 quarters/ average total assets

ROE (return on equity) = net profit attributable to owners of the Company for the last 4 quarters/ average equity attributable to equity holders of the Company

EPS (earnings per share) = net profit attributable to owners of the Company/ weighted average number of ordinary shares

Price to earnings ratio = Share price at the end of reporting period/earnings per share, calculated based on the net profit attributable to owners of the Company for the last 4 quarters

Current ratio = current assets / current liabilities

Quick ratio = (current assets – inventories) / current liabilities

## Financial performance

The Group's sales amounted to 56 943 thousand EUR during 12 months of 2019, representing a 8.5% decrease as compared to the same period of previous year. Overall, wholesales decreased by 13.2%, measured in EUR.

The Group's gross profit during 12 months of 2019 amounted to 29 651 thousand EUR and decrease by 14.4% compared to previous year. The gross margin during 12 months of 2019 decreased to 52.1%, from 55.6% in the respective period of previous year. The cost of sold goods decreased by 1.1%.

Consolidated operating profit for 12 months of 2019 amounted to 12 712 thousand EUR, compared to 17 736 thousand EUR in 12 months of 2018, decrease 28.3%. The consolidated operating profit margin was 22.3% for 12 months of 2019 (28.5% in 12 months of 2018). Consolidated EBITDA for 12 months of 2019 decreased by 11.9% and amounted to 17 004 thousand EUR, which is 29.9% in margin terms (19 310 thousand EUR and 31.0% for 12 months of 2018).

Reported consolidated net profit attributable to equity holders of the Parent company for 12 months of 2019 amounted to 10 663 thousand EUR, compared to net profit of 10 796 thousand EUR in 12 months of 2018, net profit margin attributable to equity holders of the Parent company for 12 months of 2019 was 18.7% against 17.4% in 12 months of 2018.

## Financial position

As of 31 December 2019 consolidated assets amounted to 46 309 thousand EUR representing increase by 1.8% as compared to the position as of 31 December 2018.

Trade and other receivables decreased by 1 038 thousand EUR as compared to 31 December 2018 and amounted to 2 610 thousand EUR as of 31 December 2019. Inventory balance increased by 1 714 thousand EUR and amounted to 19 359 thousand EUR as of 31 December 2019.

Equity attributable to equity holders of the Parent company decreased by 1 138 thousand EUR and amounted to 26 324 thousand EUR as of 31 December 2019. Current liabilities decreased by 4 675 thousand EUR during 12 months of 2019.

## Investments

During 12 months of 2019 the Group's investments into property, plant and equipment totalled 1 216 thousand EUR, in previous year same period 497 thousand EUR. Investments were made mainly into opening and renovating own stores, as well into equipment and facilities to maintain effective production for future periods.

## Personnel

As of 31 December 2019, the Group employed 1 888 employees, including 503 people in retail operations. The rest were employed in production, wholesale, administration and support operations. In 31.12.2018 there were 2 073 employees, including 500 people in retail operations.

Total salaries and related taxes during 12 months of 2019 amounted to 13 195 thousand EUR (12 500 thousand EUR in 12 months of 2018). The remuneration of key management of the Group, including the key executives of all subsidiaries, totalled 870 thousand EUR.

## Decisions made by governing bodies after Q4 2019

On May 03, 2019 Silvano Fashion Group held its regular Annual General Meeting of Shareholders. The Meeting adopted the following decisions.

- The Meeting approved the 2018 Annual Report.
- The Meeting decided to distribute dividends in the amount 0.20 EUR per share (record date 16.05.2019).  
To pay to the entitled shareholders of AS Silvano Fashion Group as dividends EUR 0.20 per share as follows:
  - to pay dividends EUR 0.10 per share by 20 May 2019 latest, (payment completed on 20.05.2019);
  - to pay dividends EUR 0.10 per share by 10 October 2019 latest, (payment completed on 29.08.2019);
- The Meeting decided to recall Mr. Ants Susi from the Supervisory Board of SFG. The authorities of Mr. Ants Susi as the member of the Supervisory Board of SFG shall be deemed to have expired as of May 3, 2019.
- The Meeting decided to elect Triin Nellis as the new member of the Supervisory Board of SFG, whose term of office shall start on May 3, 2019 and expire on June 30, 2021.
- The meeting decided to amend the remuneration policy of the supervisory board members, approved by the shareholders' meeting on June 30, 2012 as follows:
  - to assign monthly gross remuneration of 5,000 euros for the chairman of the supervisory board;
  - to assign monthly gross remuneration of 2,000 euros for the supervisory board;

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- The meeting decided to amend section 2.2. of the Articles of Association and reinstate it in the following wording: “All shares of the Company are registered shares. The nominal value of a registered share is 0,20 (twenty) cents. A share grants 1 (one) vote at the General Meeting. “;
- The meeting decided:
  - The share capital of SFG shall be increased by 3,600,000 EUR from 3,600,000 EUR to 7 200 000 EUR by the increase of the nominal value of existing shares by 0,10 EUR per share, i.e. from 0.10 EUR to 0.20 EUR;
  - The share capital of SFG shall be increased via a bonus issue on the account of the share premium. The bonus issue shall be carried out on the basis of the 2018 annual report, that has been approved by the shareholders together with the decision on the distribution of profit. The bonus issue shall be carried out on the account of the share premium in the amount of 3,600,000 EUR. After the bonus issue, the new size of the share capital shall be 7,200,000 EUR that is divided into 36,000,000 shares with the nominal value of 0,20 EUR each share;
  - The list of shareholders who shall be entitled to participate in the bonus issue shall be fixed as at 17 May 2019 as at the end of the working day of the settlement system. The ex-date is 16 May 2019; as of this date a person who acquired shares is not entitled to participate in the bonus issue. The increase of the nominal value of the shares shall take place immediately after the registration of the share capital increase with the Commercial Register. As of 15 May 2019, Tartu County Court registered the increase of the share capital to 7 200 thousand EUR according to the resolution of the Annual General Meeting (May 03, 2019).

On June 19,2019 Silvano Fashion Group held its Extraordinary Meeting of Shareholders . The Meeting adopted the following decisions:

- To amend section 2.2. of the Articles of Association and reinstate it in the following wording: “All shares of the Company are registered shares. The nominal value of a registered share is 0.10 (ten) cents. One share gives 1 (one) vote at the General Meeting “.
- The share capital of SFG shall be reduced by a reduction of the nominal value of the shares by EUR 0.10 per share;
- To reduce the share capital, make a payment to the shareholders in the amount of EUR 0.10 per share. No payments will be made to the Company for its own shares. The disbursement shall be made to the shareholders not earlier than three months after entry of the reduction of share capital in the commercial register, provided that the claims submitted by the creditors in due time are secured or satisfied;
- The share capital shall be reduced in connection with the adjustment of the Company's capital structure and finally the Company's share capital shall be consistent with the Company's strategic objectives. The amount of the reduced share capital is in accordance with the requirements arising from law and the Articles of Association of the Company. Following the decision, the new share capital will amount to EUR 3,600,000, divided into 36,000,000 shares with a nominal value of EUR 0.10 per share;
- The list of shareholders entitled to the payment of share capital shall be fixed on 04.07.2019. at the end of the working day. Ex-date of the rights attached to the shares is 03.07.2019; as of that date, the acquirer is not entitled to receive any reduction in share capital. As of 23 September 2019, Tartu County Court registered the decrease of the share capital to 3 600 thousand EUR according to the resolution of the General Meeting (June 19, 2019). Payment completed on 27.09.2019.

### Shares of AS Silvano Fashion Group

As of 31 December 2019 registered share capital of AS Silvano Fashion Group amounted to 3 600 thousand EUR divided into 36 000 000 ordinary shares with a nominal value of 0.10 EUR each. The share register is electronic and maintained at the Estonian Central Register of Securities. The Company has been listed on Nasdaq OMX Tallinn Stock Exchange main list (since 21.11.2006) and on Warsaw Stock Exchange (since 23.07.2007).

As of 31 December 2019 AS Silvano Fashion Group had 2 231 shareholders (as of 31 December 2018: 2 080 shareholders).

As of 31 December 2019 shareholders, whose interest in AS Silvano Fashion Group exceeded 5% included:

<b>Name</b>	<b>Number of shares</b>	<b>Shareholding</b>
<b>Major shareholders</b>	<b>16 820 000</b>	<b>46.72%</b>
BALTPLAST AS	8 820 000	24.50%
AS SEB PANK CLIENTS	8 000 000	22.22%
<b>Other shareholders</b>	<b>19 180 000</b>	<b>53.28%</b>
<b>Total number of shares</b>	<b>36 000 000</b>	<b>100.00%</b>

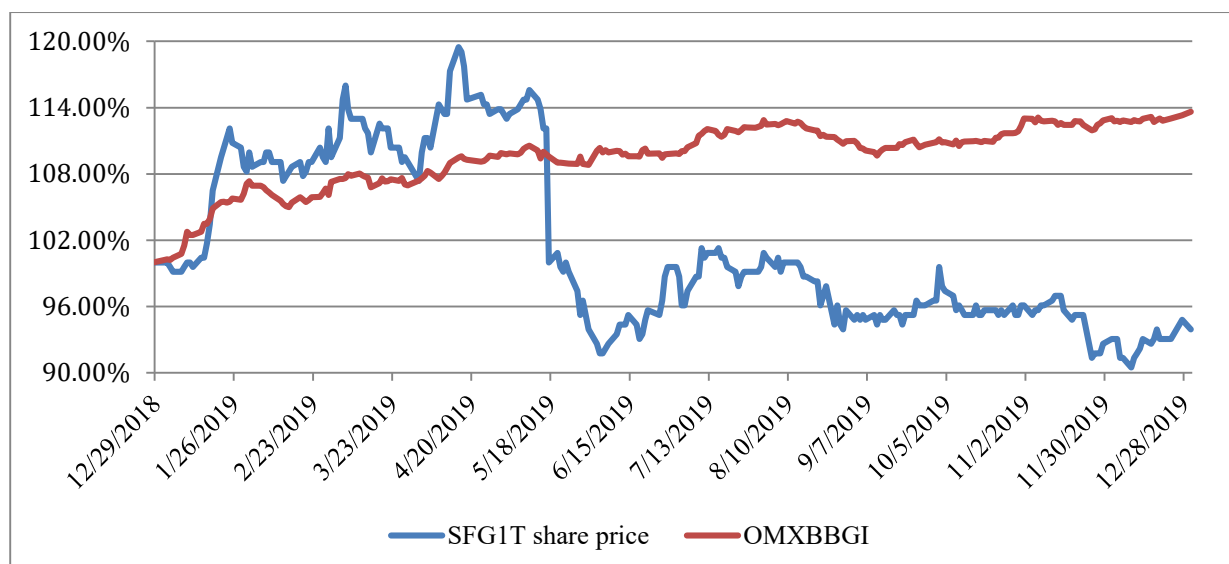
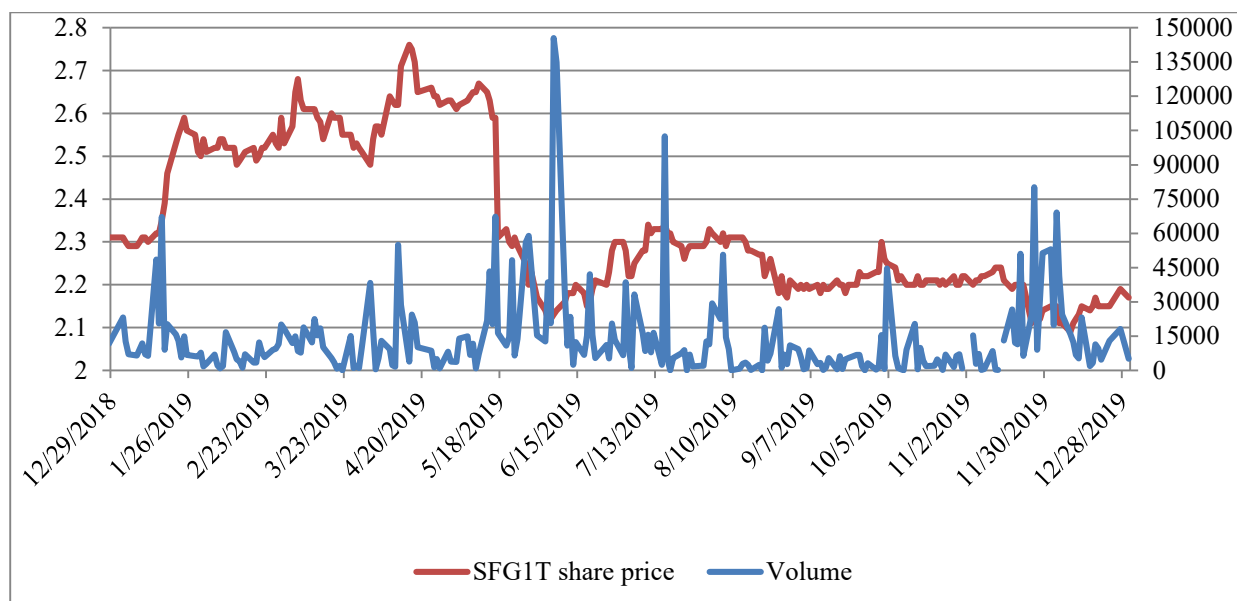


As of 31 December 2018 shareholders, whose interest in AS Silvano Fashion Group exceeded 5% included:

Name	Number of shares	Shareholding
<b>Major shareholders</b>	<b>21 823 624</b>	<b>60.62%</b>
CLEARSTREAM BANKING LUXEMBOURG S.A. CLIENTS	9 011 020	25.03%
AS SEB PANK CLIENTS	8 000 000	22.22%
UNICREDIT BANK AUSTRIA AG	2 858 740	7.94%
KRAJOWY DEPOZYT PAPIEROW WARTOŚCIOWYCH S.A.	1 953 864	5.43%
<b>Other shareholders</b>	<b>14 176 376</b>	<b>39.38%</b>
<b>Total number of shares</b>	<b>36 000 000</b>	<b>100.00%</b>

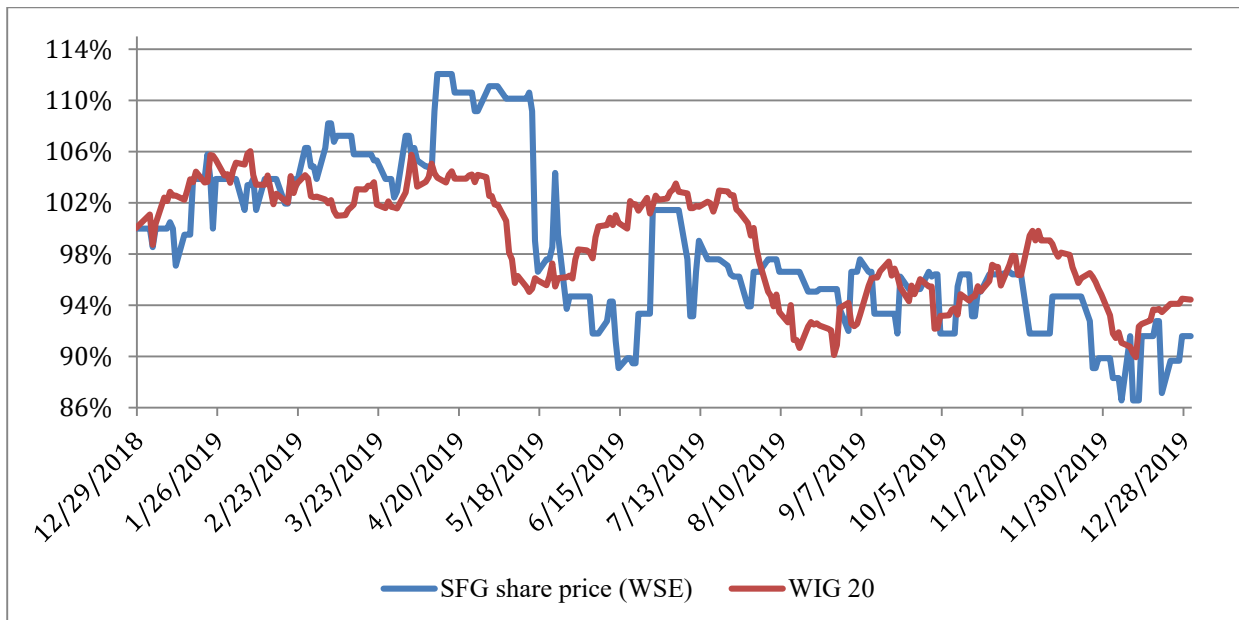
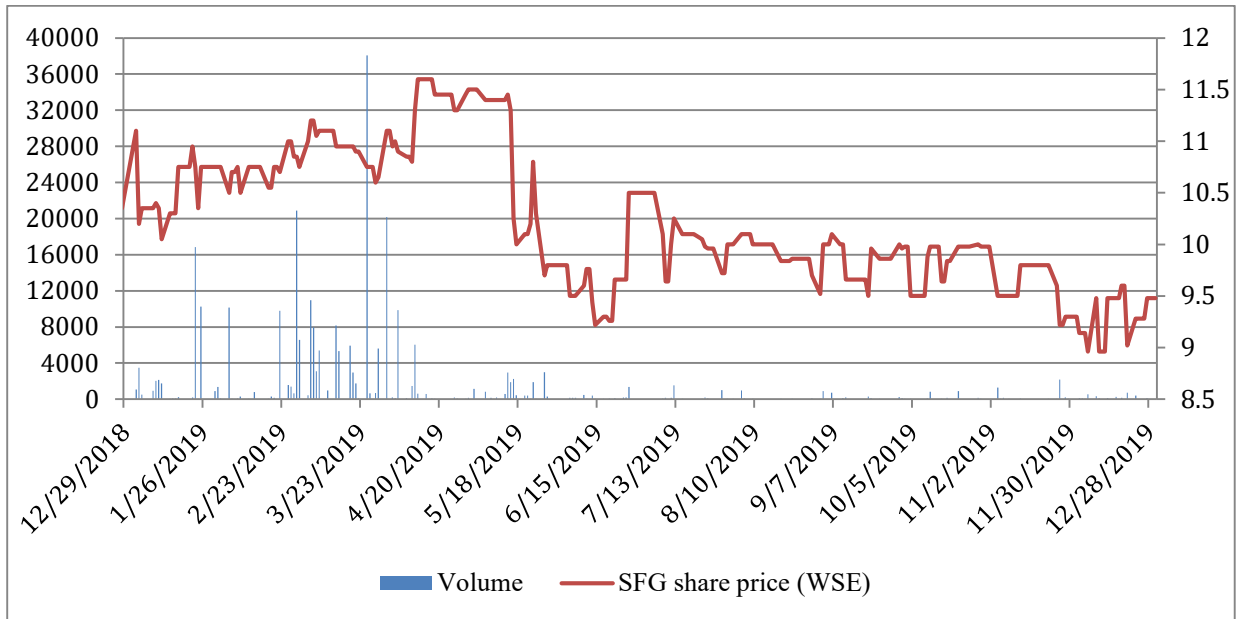
**Share price development and turnover on the Tallinn Stock Exchange during 12 months of 2019 (EUR)**

During 12 months of 2019 the highest and lowest prices of the AS Silvano Fashion Group` share on the Tallinn Stock Exchange were 2.76 EUR and 2.08 EUR, respectively



**Share price development on the Warsaw Stock Exchange during 12 months of 2019 (PLN)**

During 12 months of 2019, the highest and lowest prices of the AS Silvano Fashion Group` share on the Warsaw Stock Exchange were 11.60 PLN and 8.96 PLN respectively.



## **Declaration of the Management Board**

The Management Board of AS Silvano Fashion Group has reviewed and approved Consolidated Interim Financial Report for Q4 and 12 months of 2019 (hereinafter “the Interim Report”).

Member of the Management Board confirms that according to his best knowledge the Interim Report gives a true and fair view of financial position of the Group, its financial performance and its cash flows in accordance with International Financial Reporting Standards, as adopted by EU, and IAS 34 “Interim Financial Reporting”.

Furthermore, Member of the Management Board confirms that in his opinion the Interim Report provides a fair review of significant developments in the Group's activities that occurred during the reporting period and their impact and describes significant risks and uncertainties that may affect the Group during future reporting periods.

The Interim Report has not been audited or otherwise reviewed by the auditors.



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Jarek Särgava  
Member of the Management Board  
February 21, 2020

## Consolidated Statement of Financial Position

in thousands of EUR	Note	31.12.2019	31.12.2018
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		5 152	13 603
Current loans granted		2	8
Trade and other receivables	2	2 610	3 648
Inventories	3	19 359	17 645
<b>Total current assets</b>		<b>27 123</b>	<b>34 904</b>
<b>Non-current assets</b>			
Long-term receivables		334	292
Investments in associates		82	64
Available-for-sale investments		321	305
Deferred tax asset		905	1 433
Intangible assets		423	261
Investment property		869	851
Property, plant and equipment	4	16 252	7 394
<b>Total non-current assets</b>		<b>19 186</b>	<b>10 600</b>
<b>TOTAL ASSETS</b>		<b>46 309</b>	<b>45 504</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Short-term finance lease obligations		2 362	0
Trade and other payables	5	6 899	14 163
Tax liabilities		889	662
<b>Total current liabilities</b>		<b>10 150</b>	<b>14 825</b>
<b>Non-current liabilities</b>			
Deferred tax liability		14	7
Long-term finance lease obligations		6 333	0
Long-term provisions		61	61
<b>Total non-current liabilities</b>		<b>6 408</b>	<b>68</b>
<b>Total liabilities</b>		<b>16 558</b>	<b>14 893</b>
<b>Equity</b>			
Share capital	6	3 600	3 600
Share premium		4 967	8 567
Statutory reserve capital		1 306	1 306
Revaluation reserve		355	355
Unrealised exchange rate differences		-15 697	-14 696
Retained earnings		31 793	28 330
<b>Total equity attributable to equity holders of the Parent company</b>		<b>26 324</b>	<b>27 462</b>
Non-controlling interest		3 427	3 149
<b>Total equity</b>		<b>29 751</b>	<b>30 611</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>46 309</b>	<b>45 504</b>

### Consolidated Income Statement

in thousands of EUR	Note	4Q 2019	4Q 2018	12m 2019	12m 2018
Revenue	8	12 132	12 378	56 943	62 213
Cost of goods sold		-5 138	-6 227	-27 292	-27 594
<b>Gross Profit</b>		<b>6 994</b>	<b>6 151</b>	<b>29 651</b>	<b>34 619</b>
Distribution expenses		-2 958	-3 007	-11 714	-11 963
Administrative expenses		-1 181	-1 101	-4 582	-4 279
Other operating income		81	84	300	281
Other operating expenses		-314	-317	-943	-922
<b>Operating profit</b>		<b>2 622</b>	<b>1 810</b>	<b>12 712</b>	<b>17 736</b>
Currency exchange income/(expense)		144	-922	3 057	-2 842
Other finance income/(expenses)		-223	6	-590	61
<b>Net financial income</b>		<b>-79</b>	<b>-916</b>	<b>2 467</b>	<b>-2 781</b>
Profit (loss) from associates using equity method		5	2	8	20
<b>Profit before tax</b>		<b>2 548</b>	<b>896</b>	<b>15 187</b>	<b>14 975</b>
Income tax expense		-1 163	-138	-4 038	-3 450
<b>Profit for the period</b>		<b>1 385</b>	<b>758</b>	<b>11 149</b>	<b>11 525</b>
Attributable to :					
Equity holders of the Parent company		1 371	938	10 663	10 796
Non-controlling interest		14	-180	486	729
Earnings per share from profit attributable to equity holders of the Parent company, both basic and diluted (EUR)	7	0,04	0,03	0,30	0,30

### Consolidated Statement of Comprehensive Income

in thousands of EUR	Note	4Q 2019	4Q 2018	12m 2019	12m 2018
<b>Profit for the period</b>		<b>1 385</b>	<b>758</b>	<b>11 149</b>	<b>11 525</b>
<b>Exchange rate differences attributable to foreign operations</b>		<b>-1 035</b>	<b>707</b>	<b>-699</b>	<b>715</b>
Attributable to :					
Equity holders of the Parent company		-1 035	739	-1 001	892
Non-controlling interest		0	-32	302	-177
<b>Total comprehensive income for the period</b>		<b>350</b>	<b>1 465</b>	<b>10 450</b>	<b>12 240</b>
Attributable to :					
Equity holders of the Parent company		336	1 677	9 662	11 688
Non-controlling interest		14	-212	788	552

## Consolidated Statement of Cash Flows

in thousands of EUR	12m 2019	12m 2018
<b>Cash flow from operating activities</b>		
<b>Profit for the period</b>	<b>11 149</b>	<b>11 525</b>
Adjustments for:		
Depreciation and amortization of non-current assets	4 292	1 574
Share of profit of equity accounted investees	-8	-20
(Gains)/ losses on the sale of PPE and IA	50	16
Net finance income / costs	-2 467	240
Provision for impairment losses on trade receivables	45	5
Provision for inventories	263	0
Provision for long-term benefits	0	9
Provision for deferred tax asset	678	0
Income tax expense	4 038	3 450
Change in inventories	-1 714	115
Change in trade and other receivables	944	-871
Change in trade and other payables	114	-1 260
Income tax paid	-2 298	-3 543
<b>Net cash from operating activities</b>	<b>15 086</b>	<b>11 240</b>
<b>Cash flow from investing activities</b>		
Interest received	12	31
Dividends received	0	3
Proceeds from disposal of property, plant and equipment	84	18
Proceeds from repayments of loans granted	6	0
Acquisition of property, plant and equipment	-1 216	-497
Acquisition of intangible assets	-219	-156
Acquisition of shares of a subsidiary	0	-8
<b>Net cash used in/from investing activities</b>	<b>-1 333</b>	<b>-609</b>
<b>Cash flow from financing activities</b>		
Repayment of finance lease	-2 988	0
Interest paid of finance lease	-636	0
Dividends paid	-7 710	-18 373
Reduction of share capital	-10 800	0
<b>Net cash used in/ from financing activities</b>	<b>-22 134</b>	<b>-18 373</b>
<b>Increase in cash and cash equivalents</b>	<b>-8 381</b>	<b>-7 742</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>13 603</b>	<b>21 230</b>
Effect of exchange rate fluctuations on cash held	-70	115
<b>Cash and cash equivalents at the end of period</b>	<b>5 152</b>	<b>13 603</b>

**Consolidated Statement of Changes in Equity**

in thousands of EUR	Share Capital	Share Premium	Statutory reserve capital	Revaluation reserve	Unrealised exchange rate differences	Retained earnings	Total equity attributable to equity holders of the Parent company	Non-controlling interest	Total equity
<b>Balance as at 31 December 2017</b>	<b>10 800</b>	<b>8 567</b>	<b>1 306</b>	<b>710</b>	<b>-15 588</b>	<b>35 179</b>	<b>40 974</b>	<b>2 970</b>	<b>43 944</b>
Profit for the period	0	0	0	0	0	10 796	10 796	729	11 525
Other comprehensive income for the period	0	0	0	-355	892	355	892	-177	715
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-355</b>	<b>892</b>	<b>11 151</b>	<b>11 688</b>	<b>552</b>	<b>12 240</b>
<b>Transactions with owners, recognised directly in equity</b>									
Dividends declared	0	0	0	0	0	-18 000	-18 000	-373	-18 373
Reduction of share capital	-7 200	0	0	0	0	0	-7 200	0	-7 200
<b>Total transactions with owners, recognised directly in equity</b>	<b>-7 200</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-18 000</b>	<b>-25 200</b>	<b>-373</b>	<b>-25 573</b>
<b>Balance as at 31 December 2018</b>	<b>3 600</b>	<b>8 567</b>	<b>1 306</b>	<b>355</b>	<b>-14 696</b>	<b>28 330</b>	<b>27 462</b>	<b>3 149</b>	<b>30 611</b>
<b>Balance as at 31 December 2018</b>	<b>3 600</b>	<b>8 567</b>	<b>1 306</b>	<b>355</b>	<b>-14 696</b>	<b>28 330</b>	<b>27 462</b>	<b>3 149</b>	<b>30 611</b>
Profit for the period	0	0	0	0	0	10 663	10 663	486	11 149
Other comprehensive income for the period	0	0	0	0	-1 001	0	-1 001	302	-699
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1 001</b>	<b>10 663</b>	<b>9 662</b>	<b>788</b>	<b>10 450</b>
<b>Transactions with owners, recognised directly in equity</b>									
Dividends declared	0	0	0	0	0	-7 200	-7 200	-510	-7 710
Reduction of share capital and share premium	-3 600	0	0	0	0	0	-3 600	0	-3 600
Change in share capital and share premium	3 600	-3 600	0	0	0	0	0	0	0
<b>Total transactions with owners, recognised directly in equity</b>	<b>0</b>	<b>-3 600</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-7 200</b>	<b>-10 800</b>	<b>-510</b>	<b>-11 310</b>
<b>Balance as at 31 December 2019</b>	<b>3 600</b>	<b>4 967</b>	<b>1 306</b>	<b>355</b>	<b>-15 697</b>	<b>31 793</b>	<b>26 324</b>	<b>3 427</b>	<b>29 751</b>

## Notes to the Interim Report

### Note 1 Summary of significant accounting policies

AS Silvano Fashion Group is a company registered in Estonia. This Interim Report of the Group is prepared for the reporting period ended 31 December 2019 and comprises parent company and its subsidiaries.

The principal accounting policies applied in the preparation of this Interim Report are set out below. The policies have been consistently applied to all the years presented unless otherwise stated.

The Interim Report has not been audited or reviewed by external auditors.

#### Basis for preparation

This Interim Report of AS Silvano Fashion Group for Q4 and 12 months of 2019 ended on 31 December 2019 has been prepared in accordance with IAS 34 “Interim financial reporting” as adopted by the European Union. The Interim Report should be read in conjunction with the Annual Report for the financial year ended on 31 December 2018, which have been prepared in accordance with IFRS as adopted by the European Union.

This Interim Report is comprised in thousands of Euros (EUR).

The Group’s performance is not significantly affected by any seasonal or cyclical factors. Nevertheless, revenue during vacation periods and holidays in CIS countries is usually higher compared to other periods.

#### New standards and interpretations

In additions to disclosures already made in the Annual Report for the financial year ended on 31 December 2018 there are no new IFRSs or IFRIC interpretations that are effective for the financial year beginning on or after 1 January 2019 and that would be expected to have a material impact on the Group.

### Note 2 Trade and other receivables

in thousands of EUR	31.12.19	31.12.18
Trade receivables from third parties	1 023	1 679
Trade receivables from related parties	0	25
Impairment of receivables	-61	-20
Tax prepayments	645	969
Other receivables	1 003	995
<b>Total</b>	<b>2 610</b>	<b>3 648</b>

The fair values of trade and other receivables are not materially different from the carrying values based on the expected discounted cash flows. All non-current receivables are due within more than one year from reporting date.

### Note 3 Inventories

in thousands of EUR	31.12.19	31.12.18
Raw and other materials	4 717	4 137
Work in progress	980	1 464
Finished goods	12 985	11 572
Other inventories	677	472
<b>Total</b>	<b>19 359</b>	<b>17 645</b>



**Note 4 Property, plant and equipment**

in thousands of EUR						
	Land and buildings	Plant and equipment	Other equipment and fixtures	Right- of-use asset	Assets under construction	Total
<b>31.12.2017</b>						
Cost	5 661	17 676	4 552	0	91	27 980
Accumulated depreciation	-2 491	-13 609	-3 375	0	0	-19 475
<b>Net book amount</b>	<b>3 170</b>	<b>4 067</b>	<b>1 177</b>	<b>0</b>	<b>91</b>	<b>8 505</b>
<b>Movements during 12m 2018</b>						
Additions	0	16	304	0	177	497
Disposals	0	-1	-34	0	1	-34
Reclassifications	2	183	61	0	-246	0
Depreciation	-115	-950	-410	0	0	-1 475
Unrealised exchange rate differences	-35	-47	-11	0	-6	-99
<b>Closing net book amount</b>	<b>3 022</b>	<b>3 268</b>	<b>1 087</b>	<b>0</b>	<b>17</b>	<b>7 394</b>
<b>31.12.2018</b>						
Cost	5 402	16 086	5 376	0	17	26 881
Accumulated depreciation	-2 380	-12 818	-4 289	0	0	-19 487
<b>Net book amount</b>	<b>3 022</b>	<b>3 268</b>	<b>1 087</b>	<b>0</b>	<b>17</b>	<b>7 394</b>
<b>31.12.2018</b>						
Cost	5 402	16 086	5 376	0	17	26 881
Accumulated depreciation	-2 380	-12 818	-4 289	0	0	-19 487
<b>Net book amount</b>	<b>3 022</b>	<b>3 268</b>	<b>1 087</b>	<b>0</b>	<b>17</b>	<b>7 394</b>
<b>Movements during 12m 2019</b>						
Additions	0	5	321	11 394	890	12 610
Disposals	0	-33	-101	0	0	-134
Reclassifications	80	453	327	0	-860	0
Depreciation	-122	-716	-601	-2 761	0	-4 200
Unrealised exchange rate differences	72	234	150	110	16	582
<b>Closing net book amount</b>	<b>3 052</b>	<b>3 211</b>	<b>1 183</b>	<b>8 743</b>	<b>63</b>	<b>16 252</b>
<b>31.12.2019</b>						
Cost	5 781	17 834	5 354	11 564	63	40 596
Accumulated depreciation	-2 729	-14 623	-4 171	-2 821	0	-24 344
<b>Net book amount</b>	<b>3 052</b>	<b>3 211</b>	<b>1 183</b>	<b>8 743</b>	<b>63</b>	<b>16 252</b>

The Group didn't have any significant binding commitments to purchase property plant and equipment as of 31 December 2019.

### Note 5 Trade and other payables

in thousands of EUR	31.12.19	31.12.18
Trade payables	4 980	5 226
Accrued expenses	501	435
Provisions	39	53
Other payables	1 379	8 449
<b>Total</b>	<b>6 899</b>	<b>14 163</b>

Fair values of trade and other payables are not materially different from book values due to short maturities.

### Note 6 Equity

#### Shares

As of 31 December 2019 registered share capital of AS Silvano Fashion Group amounted to 3 600 thousand EUR divided into 36 000 000 shares with a nominal value of 0.10 EUR each (as of 31 December 2018, 3 600 thousand EUR 36 000 000 shares and 0.10 EUR nominal value, respectively). All shares of AS Silvano Fashion Group are ordinary shares and all are registered. Each ordinary share gives a shareholder one vote in General Meeting of Shareholders. No share certificates are issued for registered shares. The share register is electronic and maintained at the Estonian Central Depository for Securities. All shares are fully paid shares.

As of 31 December 2019 AS Silvano Fashion Group had 2 231 shareholders (as of 31 December 2018: 2 080 shareholders).

### Note 7 Earnings per share

The calculation of basic earnings per share for 12 months of 2019 (12 months of 2018) is based on profit attributable to owners and a weighted average number of ordinary shares.

in thousands of shares	12m 2019	12m 2018
Number of ordinary shares at the beginning of the period	36 000	36 000
Effect of own shares held at the beginning of the period	0	0
Number of ordinary shares at the end of the period	36 000	36 000
Effect of own shares held at the end of the period	0	0
<b>Weighted average number of ordinary shares for the period</b>	<b>36 000</b>	<b>36 000</b>

in thousands of EUR	12m 2019	12m 2018
Profit for the period attributable to equity holders of the Parent company	10 663	10 796
Basic earnings per share (EUR)	0.30	0.30
Diluted earnings per share (EUR)	0.30	0.30

Diluted earnings per share do not differ from basic earnings per share as the Group has no financial instruments issued that could potentially dilute the earnings per share.

### Note 8 Revenue

in thousands of EUR	12m 2019	12m 2018
Revenue from wholesale	36 546	42 148
Revenue from retail	20 137	19 999
Subcontracting and services	238	55
Other sales	22	11
<b>Total</b>	<b>56 943</b>	<b>62 213</b>

## Note 9 Transactions with related parties

The following parties are considered to be related;

- a) Shareholders owning, directly or indirectly, a voting power in the parent company or its significant subsidiaries that gives them significant influence over the parent company or its significant subsidiaries and companies under their control.
- b) Associates - enterprises in which parent company or its subsidiaries have significant influence;
- c) Members of the Management Board and Supervisory Boards of parent company and its significant subsidiaries and their immediate family members and companies under their control or significant influence.

The Group's owners are legal and physical persons and no sole shareholder has control over the Group's activities. According to management's assessment, the prices applied in transactions with related parties did not differ significantly from the market terms.

### Sales of goods and services

in thousands of EUR	12m 2019	12m 2018
Associates	1 283	1 259
<b>Total</b>	<b>1 283</b>	<b>1 259</b>

### Balances with related parties

in thousands of EUR	31.12.2019	31.12.2018
Trade receivables from associates	0	25
<b>Total</b>	<b>0</b>	<b>25</b>

### Benefits to key management of the group

in thousands of EUR	12m 2019	12m 2018
Remunerations and benefits	870	800
<b>Total</b>	<b>870</b>	<b>800</b>

## Note 10 Operating segments

The Group's operating segments have been determined based on regular reports being monitored and analysed by Management and Supervisory Boards of the parent company on an on-going basis.

The Management and Supervisory Board consider the business primarily from the activity perspective, monitoring separately wholesale and retail activities.

- The wholesale segment includes purchasing and production of women's lingerie, and distribution to external wholesale customers and the retail segment. The Group's manufacturing facilities are located in Latvia and Belarus.
- The retail segment sells the lingerie through own retail network in Latvia, Belarus and Russia.

There is a strong integration between wholesale and retail segments. The accounting policies of reportable segments are the same. Management estimates that intersegment transactions have been done on arm's length basis.

Primary measures monitored by the Supervisory Board are segment revenues, segment EBITDA (which is defined as profit before depreciation, amortisation, net financial income, income tax expense and gain on net monetary position) and segment net profit. These measures are included in the internal management reports that are reviewed by the Management Board and the Supervisory Board. Segment EBITDA is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segment relative to other entities that operate within the industry.

Interest income and interest expenses are not core activities of operating segments and are not provided to management and are not evaluated by management as performance assessment criteria of segments' performance. Therefore, interest income and interest expenses are presented on net basis.

Unallocated revenues include revenues from services, commissions and rental income. Unallocated assets include cash and bank deposits not used in daily operations of either of the segments.

Operating segments <i>in thousands of EUR</i>	12m 2019 and as of 31.12.19			Unallocated	Eliminations	Total
	Lingerie retail	Lingerie wholesale	Total segments			
Revenue from external customers	20 137	36 546	56 683	260		56 943
Intersegment revenues	0	33 440	33 440	3 507	-36 947	0
<b>EBITDA</b>	<b>9 097</b>	<b>7 959</b>	<b>17 056</b>	<b>-52</b>		<b>17 004</b>
Amortization and depreciation	-2 659	-929	-3 588	-704	0	-4 292
<b>Operating income, EBIT</b>	<b>6 438</b>	<b>7 030</b>	<b>13 468</b>	<b>-756</b>	<b>0</b>	<b>12 712</b>
Profit from associates using equity method	0	8	8	0	0	8
Net financial income	5	-238	-233	2 700	0	2 467
Income tax	-823	-1 607	-2 430	-1 608	0	-4 038
<b>Net profit</b>	<b>5 620</b>	<b>5 193</b>	<b>10 813</b>	<b>336</b>	<b>0</b>	<b>11 149</b>
Investments in associates	0	82	82	0	0	82
Other operating segments assets	3 460	34 837	38 297	7 930	0	46 227
Reportable segments liabilities	6 245	6 629	12 874	3 684	0	16 558
Capital expenditures	8 283	31	8 314	4 515	0	12 829
Number of employees as of reporting date	503	1 233	1 736	152		1 888

Operating segments <i>in thousands of EUR</i>	12m 2018 and as of 31.12.18			Unallocated	Eliminations	Total
	Lingerie retail	Lingerie wholesale	Total segments			
Revenue from external customers	19 999	42 148	62 147	66		62 213
Intersegment revenues	0	37 265	37 265	4 114	-41 379	0
<b>EBITDA</b>	<b>5 709</b>	<b>14 031</b>	<b>19 740</b>	<b>-430</b>		<b>19 310</b>
Amortization and depreciation	-360	-755	-1 115	-459	0	-1 574
<b>Operating income, EBIT</b>	<b>5 349</b>	<b>13 276</b>	<b>18 625</b>	<b>-889</b>	<b>0</b>	<b>17 736</b>
Profit from associates using equity method	0	20	20	0	0	20
Net financial income	-42	515	473	-3 254	0	-2 781
Income tax	-635	-2 861	-3 496	46	0	-3 450
<b>Net profit</b>	<b>4 672</b>	<b>10 950</b>	<b>15 622</b>	<b>-4 097</b>	<b>0</b>	<b>11 525</b>
Investments in associates	0	64	64	0	0	64
Other operating segments assets	3 133	30 704	33 837	11 603	0	45 440
Reportable segments liabilities	249	7 161	7 410	7 483	0	14 893
Capital expenditures	263	369	632	21	0	653
Number of employees as of reporting date	500	1 401	1 901	172		2 073

### Revenue and non-current assets breakdown by geographical areas

Revenues in the table below are based on the geographical location of customers; segment assets are based on the geographical location of the assets.

#### Geographical segments

in thousands of EUR	Revenue 12m 2019	Revenue 12m 2018	Non-current assets 31.12.2019	Non-current assets 31.12.2018
Russia	33 582	37 272	3 799	1 688
Belarus	16 082	15 773	14 832	8 665
Ukraine	1 543	2 999	1	1
Baltics	1 323	1 582	529	223
Other countries	4 413	4 587	25	23
<b>Total</b>	<b>56 943</b>	<b>62 213</b>	<b>19 186</b>	<b>10 600</b>