



## **AS Silvano Fashion Group**

### **Consolidated Interim Financial Report for Q3 and 9 months of 2019 (unaudited)**

(translation of the Estonian original) \*

|                                   |  |
|-----------------------------------|--|
| Beginning of the reporting period | 1 January 2019   |
| End of the reporting period       | 30 September 2019  |
| Business name                     | AS Silvano Fashion Group   |
| Registration number               | 10175491   |
| Legal address                     | Tulika 15/17, 10613 Tallinn  |
| Telephone                         | +372 684 5000  |
| Fax                               | +372 684 5300  |
| E-mail                            | info@silvanofashion.com  |
| Website                           | <a href="http://www.silvanofashion.com">www.silvanofashion.com</a> |
| Core activities                   | Design, manufacturing and distribution of women's<br>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 30 September 2019 the Group employed 1 926 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<br/>30.09.2019</b> | <b>Ownership interest<br/>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<br>“Milavitsa” ZAO     | Russia          | Holding                     | 100%                                     | 100%                                     |
| Baltsped logistik OOO                                  | Belarus         | Logistics                   | 50%                                      | 50%                                      |

## Business environment and results

The Group's sales amounted to 44 811 thousand EUR during the 9 months of 2019, representing a 10.1% decrease as compared to the same period for the previous year. The Group's gross profit during the 9 months of 2019 amounted to 22 657 thousand EUR and decreased by 20.4% compared to 9 months of 2018. The Gross margin during the 9 months of 2019 decreased to 50.6% from 57.1% as compared to 9 months of 2018.

Consolidated operating profit for 9 months of 2019 decreased by 36.6% to 10 090 thousand EUR, compared to 15 926 thousand EUR in 9 months of 2018. Consolidated EBITDA for 9 months of 2019 decreased by 25.5% and was 12 745 thousand EUR, compared to 17 113 thousand EUR in 9 months of 2018.

Reported consolidated net profit for 9 months of 2019 amounted to 9 764 thousand EUR, decreasing by 9.3% as compared to the result of 10 767 thousand EUR in the prior year's same period. Net profit attributable to equity holders of the Parent company for 9 months of 2019 decreased by 5.7% and amounted to 9 292 thousand EUR.

According to the Russian Federal State Statistics Service (Rosstat), in September, consumer prices fell 0.2% over the previous month, matching August's result which had marked the first drop in monthly prices in nearly two years. The result reflected lower prices for services and food products. Inflation fell to a 10-month low of 4.0% in September, from 4.3% in August. September's result marked the sixth consecutive month of moderating inflation. That said, annual average inflation continued trending up, ticking up to an over two-year high of 4.6% in September, from 4.5% in August. For 2020 expect inflation to end the year at 3.8%, which is down 0.1 percentage points from last month's forecast.

Industrial output, in annual terms, increased 3.0% in September, marginally up from August's 2.9% year-on-year rise. On a monthly basis, industrial production fell 0.1% in seasonally- and calendar-adjusted terms, contrasting August's 0.6% rise. FocusEconomics panelists expect industrial output to expand 2.3% in 2020, which is down 0.1 percentage points from last month's forecast. For 2021, the panel also expects industrial production to increase 2.3%.

The Group's sales on the Russian market totalled 26 260 thousand EUR, decrease is 12.6% compared to 9 months of 2018. Local currency sales decreased by 12.7% during 9 months of 2019 compared to the same 9 months of 2018. The Group's Russian subsidiary opened 4 new stores in 9 months of 2019, a total of 45 own stores are now operating. The Group will continue opening its own stores. In addition to growing sales and better control of the market this allows further developing of the retail concept of the Group's brands to make it more attractive for us and our franchise retail partners.

According to Belstat consumer prices rose 0.5% over the previous month in September, contrasting the 0.2% month-on-month drop in August. Higher prices for non-food goods led the upturn, while food costs rebounded and prices for services rose at a faster rate. Inflation slid to 5.3% in September from 5.7% in August, moving closer to but still remaining above the Central Bank's 5.0% target. Meanwhile, annual average inflation remained at 5.7%. Forecast project inflation will average 5.6% in 2020, which is unchanged from last month's forecast, and 5.3% in 2021.

Annual average growth in industrial production decreased to 1.1% in September from 1.4% in August, marking the lowest reading since February 2017. FocusEconomics Consensus Forecast panelists project that industrial production will expand 3.4% in 2020, which is unchanged from last month's projection. For 2021, panelists expect industrial production to rise 3.3%.

The Group's sales in Belarus in the 9 months of 2019 were 12 560 thousand EUR and decreased by 1.1% compared to the 9 months of 2018. Sales in local currency decreased by 0.8% 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 rose 0.7% month-on-month in September, which contrasted August's 0.3% decrease and marked the sharpest rise since May. Inflation fell to 7.5% in September, from 8.8% in August and marking the lowest reading since June 2016. Accordingly, inflation fell into the Central Bank's 6.5% plus or minus 2.0 percentage points target range for the first time this year. Meanwhile, annual average inflation inched down from August's 9.2% to 9.1%. For 2020, the panel sees year-end inflation easing to 6.5%.

FocusEconomics Consensus Forecast panelists project that industrial output will grow 1.3% in 2019, which is down 0.4 percentage points from last month's forecast. For 2020, the panel expects industrial production to rise 2.4%.

The Group's sales in Ukraine in the 9 months of 2019 were 1 310 thousand EUR and decreased by 42.0% compared to the 9 months of 2018. Sales in local currency decreased by 44.2% during the same period.

## Sales structure

### Sales by markets

Group sales in its 3 major markets – Russia, Belarus and Ukraine – were 89.5% of its total sales. Measured in local currencies sales decrease was accordingly - -12.7%, -0.8% and -44.2%

|                 | 09m 2019  | 09m 2018  | Change   | Change, % |
|-----------------|-----------|-----------|----------|-----------|
| Russia, th RUB  | 1 901 673 | 2 177 187 | -275 514 | -12.7%    |
| Belarus, th BYN | 29 613    | 29 855    | -242     | -0.8%     |
| Ukraine, th UAH | 39 000    | 69 880    | -30 880  | -44.2%    |

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

| in thousands of EUR | 09m 2019      | 09m 2018      | Change, EUR   | Change, %     | 09m 2019, % of sales | 09m 2018, % of sales |
|---------------------|---------------|---------------|---------------|---------------|----------------------|----------------------|
| Russia              | 26 260        | 30 053        | -3 793        | -12.6%        | 58.6%                | 60.3%                |
| Belarus             | 12 560        | 12 697        | -137          | -1.1%         | 28.0%                | 25.5%                |
| Ukraine             | 1 310         | 2 258         | -948          | -42.0%        | 2.9%                 | 4.5%                 |
| Baltics             | 1 029         | 1 218         | -189          | -15.5%        | 2.3%                 | 2.5%                 |
| Other markets       | 3 652         | 3 609         | 43            | 1.2%          | 8.2%                 | 7.2%                 |
| <b>Total</b>        | <b>44 811</b> | <b>49 835</b> | <b>-5 024</b> | <b>-10.1%</b> | <b>100.0%</b>        | <b>100.0%</b>        |

The majority of lingerie sales revenue during 9 months of 2019 in the amount 26 260 thousand EUR was generated in Russia, accounting for 58.6% of total sales. The second largest market was Belarus, where sales were 12 560 thousand EUR, contributing 28.0% of lingerie sales (both retail and wholesale). Volumes in Ukraine were 1 310 thousand EUR, accounting for 2.9% of total sales.

### Sales by business segments

| in thousands of EUR | 09m 2019      | 09m 2018      | Change, EUR   | Change, %     | 09m 2019, % of sales | 09m 2018, % of sales |
|---------------------|---------------|---------------|---------------|---------------|----------------------|----------------------|
| Wholesale           | 28 959        | 33 778        | -4 819        | -14.3%        | 64.6%                | 67.8%                |
| Retail              | 15 705        | 16 031        | -326          | -2.0%         | 35.1%                | 32.2%                |
| Other operations    | 147           | 26            | 121           | 465.4%        | 0.3%                 | 0.0%                 |
| <b>Total</b>        | <b>44 811</b> | <b>49 835</b> | <b>-5 024</b> | <b>-10.1%</b> | <b>100.0%</b>        | <b>100.0%</b>        |

During 9 months of 2019 wholesale revenue amounted to 28 959 thousand EUR, representing 64.6% of the Group`s total revenue (9 months of 2018: 67.8%). The main wholesale regions were Russia, Belarus and Ukraine.

Our retail revenue decreased by 2.0% and amounted to 15 705 thousand EUR, this represents 35.1% of the Group`s total revenue.

### Own & franchise store locations, geography

|               | Own        | Franchise  | Total      |
|---------------|------------|------------|------------|
| Russia        | 45         | 359        | 404        |
| Ukraine       | 0          | 76         | 76         |
| Belarus       | 60         | 0          | 60         |
| Baltics       | 7          | 24         | 31         |
| Other regions | 0          | 122        | 122        |
| <b>Total</b>  | <b>112</b> | <b>581</b> | <b>693</b> |

At the end of the reporting period the Group and its franchising partners operated 651 Milavitsa and 42 Lauma Lingerie brand stores, including 112 stores operated directly by the Group.

## Selected Financial Indicators

Summarized selected financial indicators of the Group for 9 months of 2019 compared to 9 months of 2018 and 30.09.2019 compared to 31.12.2018 were as follows:

| in thousands of EUR  | 09m 2019 | 09m 2018 | Change |
|--|----------|----------|--------|
| Revenue  | 44 811   | 49 835   | -10.1% |
| EBITDA   | 12 745   | 17 113   | -25.5% |
| Net profit for the period                                    | 9 764    | 10 767   | -9.3%  |
| Net profit attributable equity holders of the Parent company | 9 292    | 9 858    | -5.7%  |
| Earnings per share (EUR)                                     | 0,26     | 0,27     | -3.7%  |
| Operating cash flow for the period                           | 12 856   | 10 752   | 19.6%  |

| in thousands of EUR   | 30.09.2019 | 31.12.2018 | Change |
|---|------------|------------|--------|
| Total assets  | 44 498     | 45 504     | -2.2%  |
| Total current assets  | 24 799     | 34 904     | -29.0% |
| Total equity attributable to equity holders of the Parent company | 25 988     | 27 462     | -5.4%  |
| Cash and cash equivalents   | 4 956      | 13 603     | -63.6% |

| Margin analysis, %  | 09m 2019 | 09m 2018 | Change |
|---|----------|----------|--------|
| Gross profit  | 50.6     | 57.1     | -11.4% |
| EBITDA  | 28.4     | 34.3     | -17.2% |
| Net profit  | 21.8     | 21.6     | 0.9%   |
| Net profit attributable to equity holders of the Parent company | 20.7     | 19.8     | 4.5%   |

| Financial ratios, %           | 30.09.2019 | 31.12.2018 | Change |
|-------------------------------|------------|------------|--------|
| ROA                           | 21.4       | 22.9       | -6.6%  |
| ROE                           | 37.0       | 34.7       | 6.6%   |
| Price to earnings ratio (P/E) | 7.8        | 7.7        | 1.3%   |
| Current ratio                 | 3.2        | 2.4        | 33.3%  |
| Quick ratio                   | 1.0        | 1.2        | -16.7% |

### 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 44 811 thousand EUR during 9 months of 2019, representing a 10.1% decrease as compared to the same period of previous year. Overall, wholesales decreased by 14.3%, measured in EUR.

The Group's gross profit during 9 months of 2019 amounted to 22 657 thousand EUR and decrease by 20.4% compared to previous year. The gross margin during 9 months of 2019 decreased to 50.6%, from 57.1% in the respective period of previous year. The cost of sold goods increased by 3.7%.

Consolidated operating profit for 9 months of 2019 amounted to 10 090 thousand EUR, compared to 15 926 thousand EUR in 9 months of 2018, decrease 36.6%. The consolidated operating profit margin was 22.5% for 9 months of 2019 (32.0% in 9 months of 2018). Consolidated EBITDA for 9 months of 2019 decreased by 25.5% and amounted to 12 745 thousand EUR, which is 28.4% in margin terms (17 113 thousand EUR and 34.3% for 9 months of 2018).

Reported consolidated net profit attributable to equity holders of the Parent company for 9 months of 2019 amounted to 9 292 thousand EUR, compared to net profit of 9 858 thousand EUR in 9 months of 2018, net profit margin attributable to equity holders of the Parent company for 9 months of 2019 was 20.7% against 19.8% in 9 months of 2018.

## Financial position

As of 30 September 2019 consolidated assets amounted to 44 498 thousand EUR representing decrease by 2.2% as compared to the position as of 31 December 2018.

Trade and other receivables decreased by 1 211 thousand EUR as compared to 31 December 2018 and amounted to 2 437 thousand EUR as of 30 September 2019. Inventory balance decreased by 241 thousand EUR and amounted to 17 404 thousand EUR as of 30 September 2019.

Equity attributable to equity holders of the Parent company decreased by 1 474 thousand EUR and amounted to 25 988 thousand EUR as of 30 September 2019. Current liabilities decreased by 7 070 thousand EUR during 9 months of 2019.

## Investments

During 9 months of 2019 the Group's investments into property, plant and equipment totalled 1 143 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 30 September 2019, the Group employed 1 926 employees, including 507 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 9 months of 2019 amounted to 9 846 thousand EUR (9 361 thousand EUR in 9 months of 2018). The remuneration of key management of the Group, including the key executives of all subsidiaries, totalled 648 thousand EUR.

## Decisions made by governing bodies after Q3 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 30 September 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 30 September 2019 AS Silvano Fashion Group had 2 198 shareholders (as of 31 December 2018: 2 080 shareholders).

As of 30 September 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>19 253 643</b>       | <b>53.48%</b>       |
| BALTPLAST AS                  | 8 820 000               | 24.50%              |
| AS SEB PANK CLIENTS           | 8 000 000               | 22.22%              |
| UNICREDIT BANK AUSTRIA AG     | 2 433 643               | 6.76%               |
| <b>Other shareholders</b>     | <b>16 746 357</b>       | <b>46.52%</b>       |
| <b>Total number of shares</b> | <b>36 000 000</b>       | <b>100.00%</b>      |

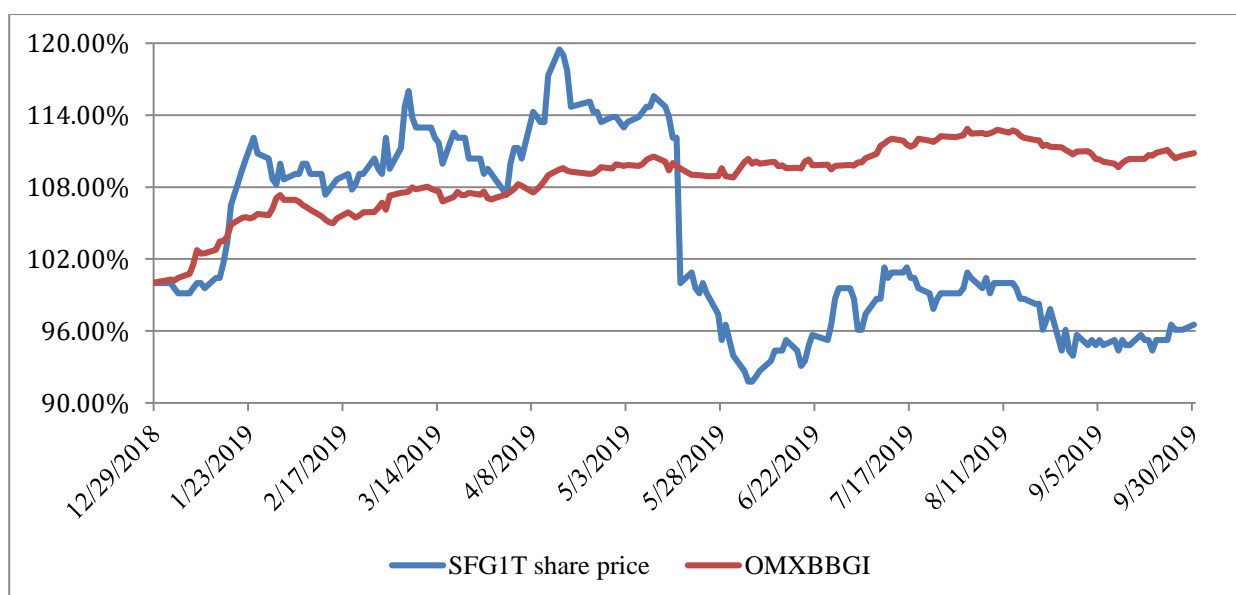
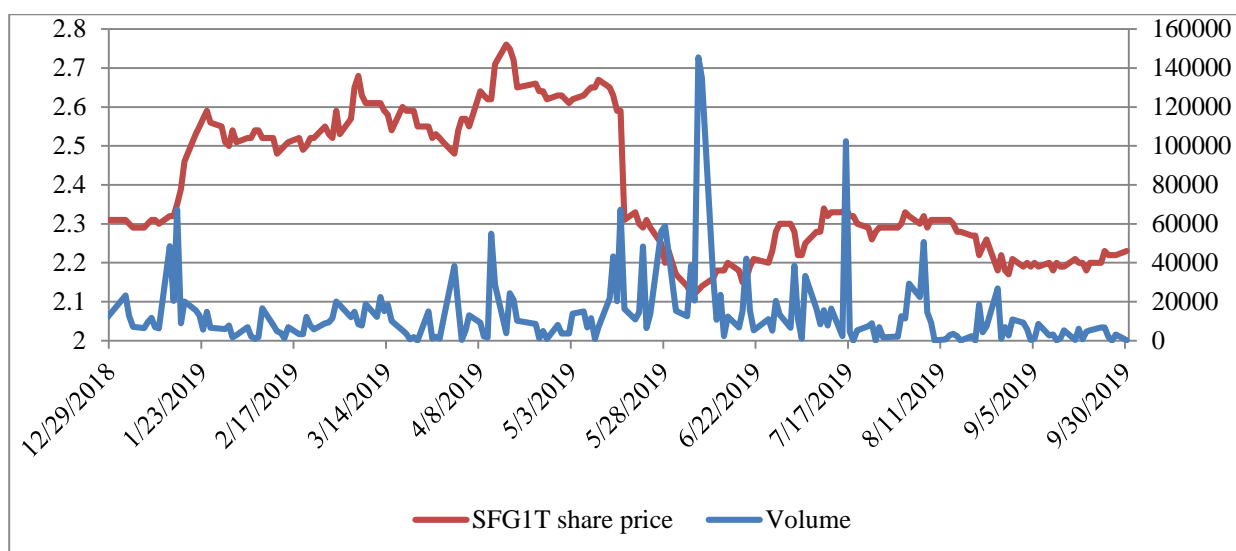


As of 31 December 2018 shareholders, whose interest in AS Silvano Fashion Group exceeded 5% included:

| 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> |

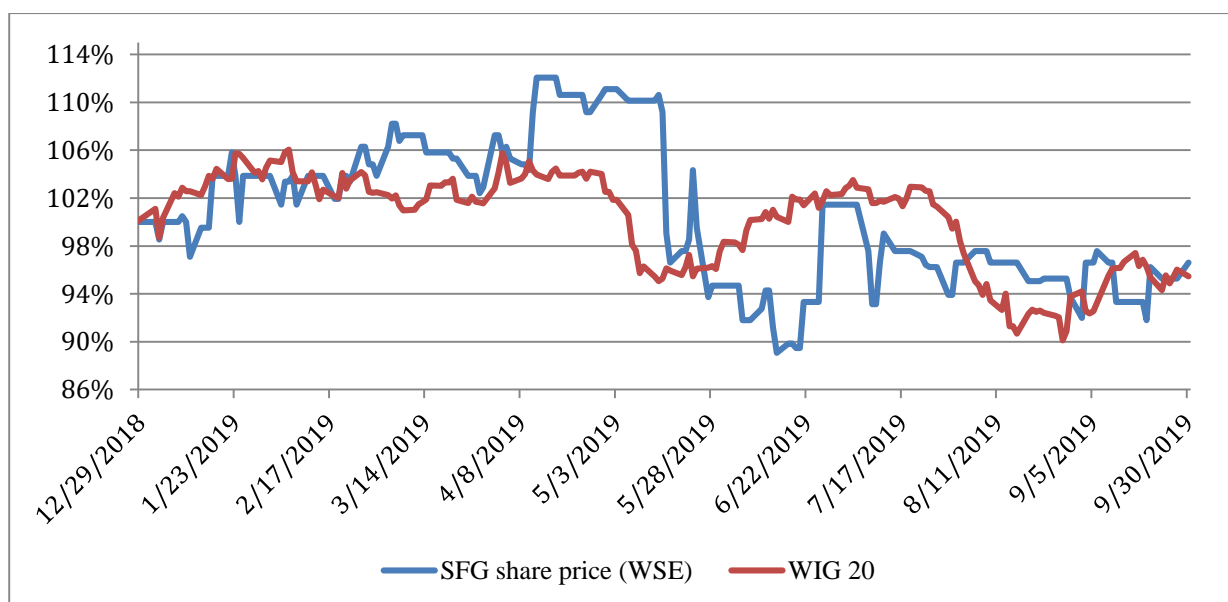
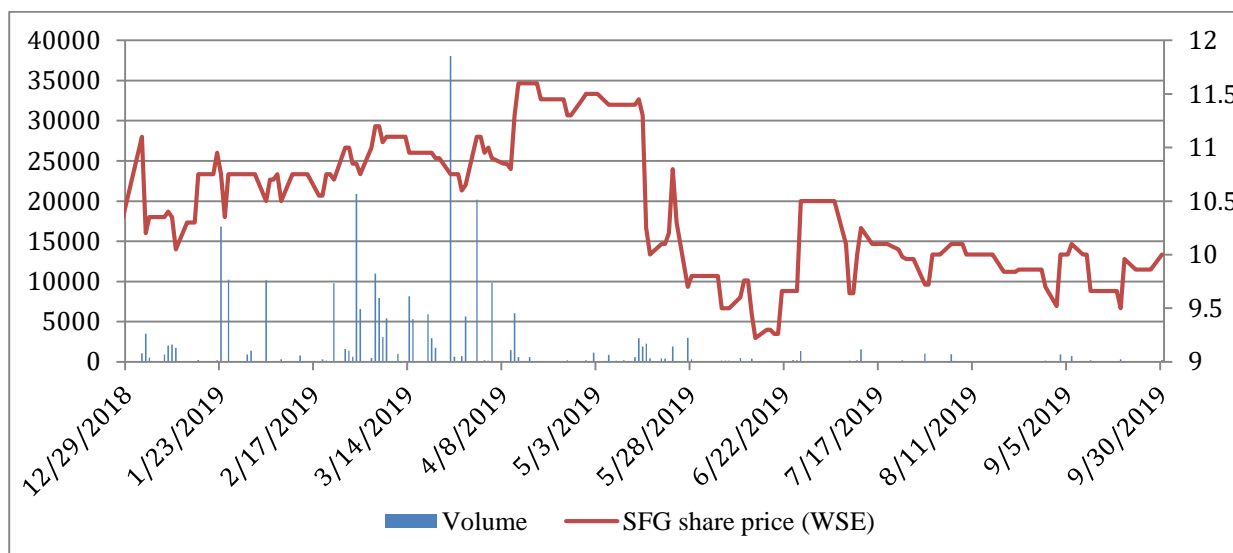
### Share price development and turnover on the Tallinn Stock Exchange during 9 months of 2019 (EUR)

During 9 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 2.12 EUR, respectively



**Share price development on the Warsaw Stock Exchange during 9 months of 2019 (PLN)**

During 9 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 9.22 PLN respectively.



## **Declaration of the Management Board**

The Management Board of AS Silvano Fashion Group has reviewed and approved Consolidated Interim Financial Report for Q3 and 9 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  
November 15, 2019

## Consolidated Statement of Financial Position

| in thousands of EUR  | Note | 30.09.2019    | 31.12.2018    |
|--|------|---------------|---------------|
| <b>ASSETS</b>  |      |               |               |
| <b>Current assets</b>  |      |               |               |
| Cash and cash equivalents  |      | 4 956         | 13 603        |
| Current loans granted  |      | 2             | 8             |
| Trade and other receivables  | 2    | 2 437         | 3 648         |
| Inventories  | 3    | 17 404        | 17 645        |
| <b>Total current assets</b>  |      | <b>24 799</b> | <b>34 904</b> |
| <b>Non-current assets</b>  |      |               |               |
| Long-term receivables  |      | 321           | 292           |
| Investments in associates  |      | 75            | 64            |
| Available-for-sale investments   |      | 333           | 305           |
| Deferred tax asset   |      | 1 617         | 1 433         |
| Intangible assets  |      | 406           | 261           |
| Investment property  |      | 907           | 851           |
| Property, plant and equipment  | 4    | 16 040        | 7 394         |
| <b>Total non-current assets</b>  |      | <b>19 699</b> | <b>10 600</b> |
| <b>TOTAL ASSETS</b>  |      | <b>44 498</b> | <b>45 504</b> |
| <b>LIABILITIES AND EQUITY</b>  |      |               |               |
| <b>Current liabilities</b>   |      |               |               |
| Short-term finance lease obligations                                     |      | 547           | 0             |
| Trade and other payables   | 5    | 5 600         | 14 163        |
| Tax liabilities  |      | 1 608         | 662           |
| <b>Total current liabilities</b>   |      | <b>7 755</b>  | <b>14 825</b> |
| <b>Non-current liabilities</b>   |      |               |               |
| Deferred tax liability   |      | 4             | 7             |
| Long-term finance lease obligations                                      |      | 7 292         | 0             |
| Long-term provisions   |      | 66            | 61            |
| <b>Total non-current liabilities</b>                                     |      | <b>7 362</b>  | <b>68</b>     |
| <b>Total liabilities</b>   |      | <b>15 117</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                                     |      | -14 662       | -14 696       |
| Retained earnings  |      | 30 422        | 28 330        |
| <b>Total equity attributable to equity holders of the Parent company</b> |      | <b>25 988</b> | <b>27 462</b> |
| Non-controlling interest   |      | 3 393         | 3 149         |
| <b>Total equity</b>  |      | <b>29 381</b> | <b>30 611</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                      |      | <b>44 498</b> | <b>45 504</b> |

### Consolidated Income Statement

| in thousands of EUR   | Note | 3Q 2019      | 3Q 2018       | 09m 2019      | 09m 2018      |
|---|------|--------------|---------------|---------------|---------------|
| Revenue   | 8    | 14 547       | 16 302        | 44 811        | 49 835        |
| Cost of goods sold  |      | -7 383       | -7 205        | -22 154       | -21 367       |
| <b>Gross Profit</b>   |      | <b>7 164</b> | <b>9 097</b>  | <b>22 657</b> | <b>28 468</b> |
| Distribution expenses   |      | -2 902       | -3 028        | -8 756        | -8 956        |
| Administrative expenses   |      | -1 114       | -1 055        | -3 401        | -3 178        |
| Other operating income  |      | 72           | 71            | 219           | 197           |
| Other operating expenses  |      | -191         | -179          | -629          | -605          |
| <b>Operating profit</b>   |      | <b>3 029</b> | <b>4 906</b>  | <b>10 090</b> | <b>15 926</b> |
| Currency exchange income/(expense)  |      | 443          | -1 679        | 2 913         | -1 920        |
| Other finance income/(expenses)   |      | -147         | 15            | -367          | 55            |
| <b>Net financial income</b>   |      | <b>296</b>   | <b>-1 664</b> | <b>2 546</b>  | <b>-1 865</b> |
| Profit (loss) from associates using equity method   |      | 3            | 6             | 3             | 18            |
| <b>Profit before tax</b>  |      | <b>3 328</b> | <b>3 248</b>  | <b>12 639</b> | <b>14 079</b> |
| Income tax expense  |      | -767         | -899          | -2 875        | -3 312        |
| <b>Profit for the period</b>  |      | <b>2 561</b> | <b>2 349</b>  | <b>9 764</b>  | <b>10 767</b> |
| Attributable to :   |      |              |               |               |               |
| Equity holders of the Parent company  |      | 2 370        | 2 201         | 9 292         | 9 858         |
| Non-controlling interest  |      | 191          | 148           | 472           | 909           |
| Earnings per share from profit attributable to equity holders of the Parent company, both basic and diluted (EUR) | 7    | 0,07         | 0,06          | 0,26          | 0,27          |

### Consolidated Statement of Comprehensive Income

| in thousands of EUR   | Note | 3Q 2019      | 3Q 2018      | 09m 2019      | 09m 2018      |
|---|------|--------------|--------------|---------------|---------------|
| <b>Profit for the period</b>  |      | <b>2 561</b> | <b>2 349</b> | <b>9 764</b>  | <b>10 767</b> |
| <b>Exchange rate differences attributable to foreign operations</b> |      | <b>325</b>   | <b>-197</b>  | <b>336</b>    | <b>8</b>      |
| Attributable to :   |      |              |              |               |               |
| Equity holders of the Parent company                                |      | 227          | 28           | 34            | 153           |
| Non-controlling interest  |      | 98           | -225         | 302           | -145          |
| <b>Total comprehensive income for the period</b>                    |      | <b>2 886</b> | <b>2 152</b> | <b>10 100</b> | <b>10 775</b> |
| Attributable to :   |      |              |              |               |               |
| Equity holders of the Parent company                                |      | 2 597        | 2 229        | 9 326         | 10 011        |
| Non-controlling interest  |      | 289          | -77          | 774           | 764           |

## Consolidated Statement of Cash Flows

| in thousands of EUR   | 09m 2019       | 09m 2018       |
|---|----------------|----------------|
| <b>Cash flow from operating activities</b>                  |                |                |
| <b>Profit for the period</b>                                | <b>9 764</b>   | <b>10 767</b>  |
| Adjustments for:  |                |                |
| Depreciation and amortization of non-current assets         | 2 655          | 1 187          |
| Share of profit of equity accounted investees               | -3             | -18            |
| (Gains)/ losses on the sale of PPE and IA                   | 23             | 22             |
| Net finance income / costs                                  | -2 546         | 1 865          |
| Provision for impairment losses on trade receivables        | 0              | 1              |
| Provision for long-term benefits                            | 5              | -2             |
| Income tax expense  | 2 875          | 3 312          |
| Change in inventories                                       | 241            | 1 164          |
| Change in trade and other receivables                       | 1 211          | -790           |
| Change in trade and other payables                          | -417           | -4 032         |
| Change in finance lease obligations                         | 547            | 0              |
| Income tax paid   | -1 499         | -2 724         |
| <b>Net cash from operating activities</b>                   | <b>12 856</b>  | <b>10 752</b>  |
| <b>Cash flow from investing activities</b>                  |                |                |
| Interest received   | 9              | 26             |
| Dividends received  | 0              | 3              |
| Proceeds from disposal of property, plant and equipment     | 61             | 12             |
| Proceeds from repayments of loans granted                   | 6              | 0              |
| Acquisition of property, plant and equipment                | -1 143         | -497           |
| Acquisition of intangible assets                            | -165           | -144           |
| <b>Net cash used in/from investing activities</b>           | <b>-1 232</b>  | <b>-600</b>    |
| <b>Cash flow from financing activities</b>                  |                |                |
| Repayment of finance lease                                  | -1 646         | 0              |
| Dividends paid  | -7 730         | -18 376        |
| Reduction of share capital                                  | -10 800        | 0              |
| <b>Net cash used in/ from financing activities</b>          | <b>-20 176</b> | <b>-18 376</b> |
| <b>Increase in cash and cash equivalents</b>                | <b>-8 552</b>  | <b>-8 224</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           | -95            | 92             |
| <b>Cash and cash equivalents at the end of period</b>       | <b>4 956</b>   | <b>13 098</b>  |

**Consolidated Statement of Changes in Equity**

| in thousands of EUR  | Share<br>Capital | Share<br>Premium | Statutory<br>reserve<br>capital | Revaluation<br>reserve | Unrealised<br>exchange<br>rate<br>differences | Retained<br>earnings | Total equity<br>attributable to<br>equity holders of<br>the Parent<br>company | Non-<br>controlling<br>interest | Total<br>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   | 9 858                | 9 858   | 909                             | 10 767          |
| Other comprehensive income for the period                            | 0                | 0                | 0                               | 0                      | 153   | 0                    | 153   | -145                            | 8               |
| <b>Total comprehensive income for the period</b>                     | <b>0</b>         | <b>0</b>         | <b>0</b>                        | <b>0</b>               | <b>153</b>                                    | <b>9 858</b>         | <b>10 011</b>   | <b>764</b>                      | <b>10 775</b>   |
| <b>Transactions with owners, recognised directly in equity</b>       |                  |                  |                                 |                        |   |                      |   |                                 |                 |
| Dividends declared   | 0                | 0                | 0                               | 0                      | 0   | -18 000              | -18 000   | -376                            | -18 376         |
| <b>Total transactions with owners, recognised directly in equity</b> | <b>0</b>         | <b>0</b>         | <b>0</b>                        | <b>0</b>               | <b>0</b>                                      | <b>-18 000</b>       | <b>-18 000</b>  | <b>-376</b>                     | <b>-18 376</b>  |
| <b>Balance as at 30 September 2018</b>                               | <b>10 800</b>    | <b>8 567</b>     | <b>1 306</b>                    | <b>710</b>             | <b>-15 435</b>                                | <b>27 037</b>        | <b>32 985</b>   | <b>3 358</b>                    | <b>36 343</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   | 9 292                | 9 292   | 472                             | 9 764           |
| Other comprehensive income for the period                            | 0                | 0                | 0                               | 0                      | 34  | 0                    | 34  | 302                             | 336             |
| <b>Total comprehensive income for the period</b>                     | <b>0</b>         | <b>0</b>         | <b>0</b>                        | <b>0</b>               | <b>34</b>                                     | <b>9 292</b>         | <b>9 326</b>  | <b>774</b>                      | <b>10 100</b>   |
| <b>Transactions with owners, recognised directly in equity</b>       |                  |                  |                                 |                        |   |                      |   |                                 |                 |
| Dividends declared   | 0                | 0                | 0                               | 0                      | 0   | -7 200               | -7 200  | -530                            | -7 730          |
| 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>-530</b>                     | <b>-11 330</b>  |
| <b>Balance as at 30 September 2019</b>                               | <b>3 600</b>     | <b>4 967</b>     | <b>1 306</b>                    | <b>355</b>             | <b>-14 662</b>                                | <b>30 422</b>        | <b>25 988</b>   | <b>3 393</b>                    | <b>29 381</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 30 September 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 Q3 and 9 months of 2019 ended on 30 September 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                    | 30.09.19     | 31.12.18     |
|--|--------------|--------------|
| Trade receivables from third parties   | 1 349        | 1 679        |
| Trade receivables from related parties | 0            | 25           |
| Impairment of receivables              | -21          | -20          |
| Tax prepayments                        | 407          | 969          |
| Other receivables                      | 702          | 995          |
| <b>Total</b>                           | <b>2 437</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     | 30.09.19      | 31.12.18      |
|-------------------------|---------------|---------------|
| Raw and other materials | 4 161         | 4 137         |
| Work in progress        | 1 169         | 1 464         |
| Finished goods          | 11 220        | 11 572        |
| Other inventories       | 854           | 472           |
| <b>Total</b>            | <b>17 404</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 09m 2018</b>     |                    |                     |                              |                    |                           |               |
| Additions                            | 0                  | 16                  | 304                          | 0                  | 177                       | 497           |
| Disposals                            | 0                  | -1                  | -34                          | 0                  | 1                         | -34           |
| Reclassifications                    | 2                  | 183                 | 61                           | 0                  | -246                      | 0             |
| Depreciation                         | -95                | -650                | -368                         | 0                  | 0                         | -1 113        |
| Unrealised exchange rate differences | -125               | -120                | -111                         | 0                  | -6                        | -362          |
| <b>Closing net book amount</b>       | <b>2 952</b>       | <b>3 495</b>        | <b>1 029</b>                 | <b>0</b>           | <b>17</b>                 | <b>7 493</b>  |
| <b>30.09.2018</b>                    |                    |                     |                              |                    |                           |               |
| Cost                                 | 5 332              | 16 577              | 5 292                        | 0                  | 17                        | 27 218        |
| Accumulated depreciation             | -2 380             | -13 082             | -4 263                       | 0                  | 0                         | -19 725       |
| <b>Net book amount</b>               | <b>2 952</b>       | <b>3 495</b>        | <b>1 029</b>                 | <b>0</b>           | <b>17</b>                 | <b>7 493</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 09m 2019</b>     |                    |                     |                              |                    |                           |               |
| Additions                            | 0                  | 0                   | 293                          | 9 289              | 850                       | 10 432        |
| Disposals                            | 0                  | -33                 | -51                          | 0                  | 0                         | -84           |
| Reclassifications                    | 0                  | 635                 | 107                          | 0                  | -742                      | 0             |
| Depreciation                         | -90                | -507                | -405                         | -1 583             | 0                         | -2 585        |
| Unrealised exchange rate differences | 126                | 140                 | 155                          | 354                | 108                       | 883           |
| <b>Closing net book amount</b>       | <b>3 058</b>       | <b>3 503</b>        | <b>1 186</b>                 | <b>8 060</b>       | <b>233</b>                | <b>16 040</b> |
| <b>30.09.2019</b>                    |                    |                     |                              |                    |                           |               |
| Cost                                 | 5 858              | 18 438              | 5 435                        | 9 643              | 233                       | 39 607        |
| Accumulated depreciation             | -2 800             | -14 935             | -4 249                       | -1 583             | 0                         | -23 567       |
| <b>Net book amount</b>               | <b>3 058</b>       | <b>3 503</b>        | <b>1 186</b>                 | <b>8 060</b>       | <b>233</b>                | <b>16 040</b> |

The Group didn't have any significant binding commitments to purchase property plant and equipment as of 30 September 2019.

## Note 5 Trade and other payables

| in thousands of EUR | 30.09.19     | 31.12.18      |
|---------------------|--------------|---------------|
| Trade payables      | 4 008        | 5 226         |
| Accrued expenses    | 400          | 435           |
| Provisions          | 44           | 53            |
| Other payables      | 1 148        | 8 449         |
| <b>Total</b>        | <b>5 600</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 30 September 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 30 September 2019 AS Silvano Fashion Group had 2 198 shareholders (as of 31 December 2018: 2 080 shareholders).

## Note 7 Earnings per share

The calculation of basic earnings per share for 9 months of 2019 (9 months of 2018) is based on profit attributable to owners and a weighted average number of ordinary shares.

| in thousands of shares   | 09m 2019      | 09m 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  | 09m 2019 | 09m 2018 |
|--|----------|----------|
| Profit for the period attributable to equity holders of the Parent company | 9 292    | 9 858    |
| Basic earnings per share (EUR)   | 0.26     | 0.27     |
| Diluted earnings per share (EUR)   | 0.26     | 0.27     |

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         | 09m 2019      | 09m 2018      |
|-----------------------------|---------------|---------------|
| Revenue from wholesale      | 28 959        | 33 778        |
| Revenue from retail         | 15 705        | 16 031        |
| Subcontracting and services | 128           | 18            |
| Other sales                 | 19            | 8             |
| <b>Total</b>                | <b>44 811</b> | <b>49 835</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 | 09m 2019     | 09m 2018     |
|---------------------|--------------|--------------|
| Associates          | 1 259        | 1 117        |
| <b>Total</b>        | <b>1 259</b> | <b>1 117</b> |

### Balances with related parties

| in thousands of EUR               | 30.09.2019 | 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        | 09m 2019   | 09m 2018   |
|----------------------------|------------|------------|
| Remunerations and benefits | 648        | 594        |
| <b>Total</b>               | <b>648</b> | <b>594</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<br><i>in thousands of EUR</i>        | 09m 2019 and as of 30.09.19        |                    |                |               |              |               |
|---|------------------------------------|--------------------|----------------|---------------|--------------|---------------|
|   | Lingerie retail                    | Lingerie wholesale | Total segments | Unallocated   | Eliminations | Total         |
| Revenue from external customers                         | 15 705                             | 28 959             | 44 664         | 147           |              | 44 811        |
| Intersegment revenues                                   | 0                                  | 26 391             | 26 391         | 2 719         | -29 110      | 0             |
| <b>EBITDA</b>   | <b>6 283</b>                       | <b>6 637</b>       | <b>12 920</b>  | <b>-175</b>   |              | <b>12 745</b> |
| Amortization and depreciation                           | -1 490                             | -650               | -2 140         | -515          | 0            | -2 655        |
| <b>Operating income, EBIT</b>                           | <b>4 793</b>                       | <b>5 987</b>       | <b>10 780</b>  | <b>-690</b>   | <b>0</b>     | <b>10 090</b> |
| Profit from associates using equity method              | 0                                  | 3                  | 3              | 0             | 0            | 3             |
| Net financial income                                    | 67                                 | -2                 | 65             | 2 481         | 0            | 2 546         |
| Income tax  | -627                               | -1 343             | -1 970         | -905          | 0            | -2 875        |
| <b>Net profit</b>                                       | <b>4 233</b>                       | <b>4 645</b>       | <b>8 878</b>   | <b>886</b>    | <b>0</b>     | <b>9 764</b>  |
| Investments in associates                               | 0                                  | 75                 | 75             | 0             | 0            | 75            |
| Other operating segments assets                         | 4 817                              | 30 697             | 35 514         | 8 909         | 0            | 44 423        |
| Reportable segments liabilities                         | 1 845                              | 9 476              | 11 321         | 3 796         | 0            | 15 117        |
| Capital expenditures                                    | 5 558                              | 599                | 6 157          | 4 440         | 0            | 10 597        |
| Number of employees as of reporting date                | 507                                | 1 286              | 1 793          | 133           |              | 1 926         |
| <b>Operating segments</b><br><i>in thousands of EUR</i> | <b>09m 2018 and as of 30.09.18</b> |                    |                |               |              |               |
|   | Lingerie retail                    | Lingerie wholesale | Total segments | Unallocated   | Eliminations | Total         |
| Revenue from external customers                         | 16 031                             | 33 778             | 49 809         | 26            |              | 49 835        |
| Intersegment revenues                                   | 0                                  | 30 121             | 30 121         | 3 338         | -33 459      | 0             |
| <b>EBITDA</b>   | <b>4 464</b>                       | <b>12 475</b>      | <b>16 939</b>  | <b>174</b>    |              | <b>17 113</b> |
| Amortization and depreciation                           | -257                               | -576               | -833           | -354          | 0            | -1 187        |
| <b>Operating income, EBIT</b>                           | <b>4 207</b>                       | <b>11 899</b>      | <b>16 106</b>  | <b>-180</b>   | <b>0</b>     | <b>15 926</b> |
| Profit from associates using equity method              | 0                                  | 18                 | 18             | 0             | 0            | 18            |
| Net financial income                                    | -4                                 | 764                | 760            | -2 625        | 0            | -1 865        |
| Income tax  | -569                               | -2 455             | -3 024         | -288          | 0            | -3 312        |
| <b>Net profit</b>                                       | <b>3 634</b>                       | <b>10 226</b>      | <b>13 860</b>  | <b>-3 093</b> | <b>0</b>     | <b>10 767</b> |
| Investments in associates                               | 0                                  | 66                 | 66             | 0             | 0            | 66            |
| Other operating segments assets                         | 2 645                              | 30 502             | 33 147         | 10 396        | 0            | 43 543        |
| Reportable segments liabilities                         | 296                                | 6 664              | 6 960          | 306           | 0            | 7 266         |
| Capital expenditures                                    | 251                                | 369                | 620            | 21            | 0            | 641           |
| Number of employees as of reporting date                | 503                                | 1 432              | 1 935          | 163           |              | 2 098         |

### 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<br>09m 2019 | Revenue<br>09m 2018 | Non-current<br>assets 30.09.2019 | Non-current<br>assets 31.12.2018 |
|---------------------|---------------------|---------------------|----------------------------------|----------------------------------|
| Russia              | 26 260              | 30 053              | 4 059                            | 1 688                            |
| Belarus             | 12 560              | 12 697              | 15 007                           | 8 665                            |
| Ukraine             | 1 310               | 2 258               | 1                                | 1                                |
| Baltics             | 1 029               | 1 218               | 608                              | 223                              |
| Other countries     | 3 652               | 3 609               | 24                               | 23                               |
| <b>Total</b>        | <b>44 811</b>       | <b>49 835</b>       | <b>19 699</b>                    | <b>10 600</b>                    |