

Aktsiaselts Silvano Fashion Group

Commercial registry code 10175491, address Tulika 15/17, 10613 Tallinn, Estonia

Minutes of voting result of the Supervisory Board resolutions

In Tallinn May 29 2017

Participants:

Present: Toomas Tool, Mart Mutso, Risto Mägi and Ants Susi

Secretary to the meeting: Jarek Särgava

According to the Articles of Association of Silvano Fashion Group, the Supervisory Board is eligible to adopt the resolutions.

Beginning of the meeting: 10:00. End of the meeting 12:00

The Agenda

1. Approval of the 2016 Annual Report of AS Silvano Fashion Group
2. Review of the profit allocation proposal
3. Supervisory Board report on the FY 2016
4. Review of the proposal for the auditor for 2107
5. Review of extension of authority of the member of the supervisory board
6. Review of the share capital reduction proposal
7. Approval of the date, time and Agenda of the General Meeting

1. Approval of the Annual Report 2016

Proposal for the decision

The Management has released the Annual Report for the 2016. The management proposes to the Supervisory Board to approve the Annual Report for the 2016 and to sign the report before the regular annual general meeting.

in thousands of EUR	2016	2015	Change
Revenue	57 892	65 254	-11,3%
EBITDA	18 377	16 620	10,6%
Net profit for the period	7 896	10 620	-25,7%
Net profit attributable to equity holders of the Parent company	8 273	9 689	-14,6%
Earnings per share (EUR)	0,22	0,26	-15,4%
Operating cash flow for the period	12 807	16 409	-22,0%

in thousands of EUR	31.12.2016	31.12.2015	Change
Total assets	56 145	53 635	4,7%
Total current assets	42 677	40 870	4,4%
Total equity attributable to equity holders of the Parent company	43 402	40 194	8,0%
Cash and cash equivalents	22 303	21 274	4,8%

Margin analysis, %	2016	2015	Change
Gross profit	54,5	46,8	16,5%
EBITDA	31,7	25,5	24,3%
Net profit	13,6	16,3	-16,6%
Net profit attributable equity holders of the Parent company	14,3	14,8	-3,4%

Financial ratios, %	31.12.2016	31.12.2015	Change
ROA	14,7	17,4	-15,5%
ROE	19,6	23,7	-17,3%
Price to earnings ratio (P/E)	13,2	5,0	164,0%
Current ratio	4,9	4,2	16,7%
Quick ratio	3,0	2,6	15,4%

The supervisory board decided:

To approve the Annual Report for 2016 and to confirm the report by signatures of the Supervisory Board members.

Voted for: 4 members; Voted against: 0, Abstained: 0 members

The decision has been approved

2. Profit allocation proposal for 2016

Proposal for the decision

The management proposes to the Supervisory Board to consent with the following profit allocation proposal:

Retained earnings attributable to equity holders of AS Silvano Fashion Group as of 31 December 2016:

Profit for the year ended 31 December 2016 8 273 000.- Euros

The Management Board of AS Silvano Fashion Group makes the following proposal to the Annual General Meeting:

Payment of the dividends to shareholders 7 400 000.- Euros

The supervisory board decided:

To present the profit allocation proposal for the approval by the Annual General Meeting of the Shareholders.

Voted for: 4 members; Voted against: 0, Abstained: 0 members

The decision has been approved

3. Supervisory Board report on the FY 2016

Discussion

The Supervisory Board decided

To present the Supervisory Board report to Annual General Meeting (appended to the protocol).

Voted for: 4 members; Voted against: 0, Abstained: 0 members

The decision has been approved

4. Proposal of the auditor for FY 2017

Discussion

The management board proposes to continue with PricewaterhouseCoopers as an auditor for FY 2017 at the cost not more than in 2016.

The supervisory board decided:

To support the management proposal for establishing PricewaterhouseCoopers as an candidate for the approval by the Annual General Meeting.

Voted for: 4 members; Voted against: 0; Abstained: 0 members

The decision has been approved

5. Extension of authority of the member of the supervisory board

Proposal of the Management Board and the Supervisory Board:

- 5.1 To extend authority of the supervisory board member Mr. Toomas Tool for the next term of authority starting from 1 July 2017 till 30 June 2022.
- 5.2. To continue with the remuneration plan of the supervisory board members as approved by the annual general meeting held on 30 June 2012.

Voted for: 4 members; Voted against: 0; Abstained: 0 members

The decision has been approved

6. Share capital reduction proposal

Discussion

The management presented the result of the share buyback commenced by SEB Pank AS, according to the mandate of the shareholders meeting, AS Silvano Fashion Group acquired 1 000 000 shares in total amount of 2 519 946.93 Euros, resulting an average acquisition cost 2,5199.- Euros per share. After the commencement of the share buyback, Silvano Fashion Group owns 1 000 000 own share.

The management proposes to cancel the acquired own 1 000 000 shares as follows:

-The share capital of Silvano Fashion Group shall be reduced by EUR 300,000 from the former EUR 11,100,000 to EUR 10,800,000;

-Upon the reduction of the share capital of Silvano Fashion Group, the 1,000,000 own shares acquired within the own share buy-back programme as approved by the shareholders of Silvano Fashion Group on 29 June 2016 shall be cancelled:

-Upon the reduction of the share capital of Silvano Fashion Group, the share capital of Silvano Fashion Group shall be divided into 36,000,000 shares with the nominal value of EUR 0,30.

The supervisory board decided:

To support the management proposal and delivering the proposal for the approval by the Annual General Meeting.

Voted for: 4 members; Voted against: 0; Abstained: 0 members

The decision has been approved

7. Approval of the date, time and Agenda of the Annual General Meeting

Proposal for the decision

The Board Proposes to hold a AGM of Silvano Fashion Group on 29 June 2017 in Tallinn. The Agenda of the Meeting shall be as follows:

1. Approval of the 2016 Annual Report of AS Silvano Fashion Group;
2. Distribution of the 2016 profit of AS Silvano Fashion Group;
3. Election of the auditor of AS Silvano Fashion Group for 2017 fiscal year and determination of auditor's fee;
4. Extension of authority of the member of the supervisory board;
5. Reduction of the share capital of AS Silvano Fashion Group.

The Supervisory Board decided:

- 1.1. To hold AGM of Silvano Fashion Group on 29 June 2017 in Tallinn
- 1.2. To confirm the Agenda of the Annual General meeting as follows:

1. Approval of the 2016 Annual Report of AS Silvano Fashion Group

Proposal of the Management Board and the Supervisory Board:

- 1.1. To approve the 2016 Annual Report of AS Silvano Fashion Group.

2. Distribution of the 2016 profit of AS Silvano Fashion Group

Proposal of the Management Board and the Supervisory Board:

- 2.1. To approve the profit of the 2016 financial year in amount of EUR 8,273,000;
- 2.2. To make no allocations from the 2016 profit of AS Silvano Fashion Group into the reserve capital of AS Silvano Fashion Group. Following the reduction of the share capital, the reserve capital of AS Silvano Fashion Group will correspond to the requirements provided in Article 336(2) of the Estonian Commercial Code;
- 2.3. To distribute the profit by paying dividends to the shareholders of AS Silvano Fashion Group as follows:

2.3.1. The list of shareholders of AS Silvano Fashion Group entitled to profit distribution shall be fixed on 13 July 2017 at 11:59 p.m.

2.3.2. EUR 0.20.- per share shall be payable to the entitled shareholders as a dividend at the latest on 19 July 2017;

2.3.2. To allocate the rest of the profit of AS Silvano Fashion Group from the 2016 financial year into the undistributed profit of previous periods.

3. Election of the auditor of AS Silvano Fashion Group for 2017 fiscal year and determination of auditor's fee

Proposal of the Management Board and the Supervisory Board:

3.3. To elect audit company AS PricewaterhouseCoopers (registry code 10142876, address Pärnu mnt 15, 10141 Tallinn) as the auditor of AS Silvano Fashion group, whose authorities shall be valid until the next ordinary general meeting of AS Silvano Fashion Group;

3.4. To authorize the Management Board of AS Silvano Fashion Group to sign an auditing agreement with the audit company AS PricewaterhouseCoopers for the auditing of AS Silvano Fashion Group 2017 business activities at a price that does not exceed the price paid for the auditing services of AS Silvano Fashion Group in 2016 fiscal year.

4. Extension of authority of the member of the supervisory board

Proposal of the Management Board and the Supervisory Board:

4.1. To extend authority of the supervisory board member Mr. Toomas Tool for the next term of authority starting from 1 July 2017 till 30 June 2022.

4.2. To continue with the remuneration plan of the supervisory board members as approved by the annual general meeting held on 30 June 2012.

5. Reduction of the share capital of AS Silvano Fashion Group

Proposal of the Management Board and the Supervisory Board:

5.1. The reason for reducing the share capital of AS Silvano Fashion Group is a need to reduce the share capital of AS Silvano Fashion Group and to cancel the 1,000,000 own shares acquired within the own share buy-back programme as approved by the shareholders of AS Silvano Fashion Group on 29 June 2016;

5.2. The share capital of AS Silvano Fashion Group shall be reduced by EUR 300,000 from the former EUR 11,100,000 to EUR 10,800,000;

5.3. Upon the reduction of the share capital of AS Silvano Fashion Group, the 1,000,000 own shares acquired within the own share buy-back programme as approved by the shareholders of AS Silvano Fashion Group on 29 June 2016 shall be cancelled;

5.4. Upon the reduction of the share capital of AS Silvano Fashion Group, the share capital of AS Silvano Fashion Group shall be divided into 36,000,000 shares with the nominal value of EUR 0.30.

Voted for: 4 members; Voted against: 0; Abstained: 0 members

The decision has been approved

/signed/

Toomas Tool

Chairman of the Supervisory Board

/signed/

Ants Susi

Member of the Supervisory Board

/signed/

Mart Mutso

Member of the Supervisory Board

/signed/

Risto Mägi

Member of the Supervisory Board