



## **AS Silvano Fashion Group**

### **Consolidated Interim Financial Report for Q4 and 12 months of 2020 (unaudited)**

(translation of the Estonian original) \*

Beginning of the reporting period	1 January 2020
End of the reporting period	31 December 2020
Business name	AS Silvano Fashion Group
Registration number	10175491
Legal address	Tulika 17, 10613 Tallinn
Telephone	+372 684 5000
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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 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 2020 the Group employed 1 744 people (as of 31 December 2019: 1 888 people).

The Group comprises of the following entities:

<b>Parent company</b>	<b>Location</b>	<b>Main activity</b>	<b>Ownership interest 31.12.2020</b>	<b>Ownership interest 31.12.2019</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	85.02%	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 38 479 thousand EUR during the 12 months of 2020, representing a 32.4% decrease as compared to the same period for the previous year. The Group's gross profit during the 12 months of 2020 amounted to 23 209 thousand EUR and decreased by 21.7% compared to 12 months of 2019. The Gross margin during the 12 months of 2020 increased to 60.3% from 52.1% as compared to 12 months of 2019.

Consolidated operating profit for 12 months of 2020 decreased by 17.1% to 10 544 thousand EUR, compared to 12 712 thousand EUR in 12 months of 2019. Consolidated EBITDA for 12 months of 2020 decreased by 17.0% and was 14 111 thousand EUR, compared to 17 004 thousand EUR in 12 months of 2019.

Reported consolidated net profit 12 months of 2020 amounted to 2 551 thousand EUR, as compared to net profit of 11 149 thousand EUR in the prior year's same period. Net profit attributable to equity holders of the Parent company for 12 months of 2020 decreased by 79.1% and amounted to 2 231 thousand EUR.

### Russia Economic Outlook

The economy contracted 3.1% year-on-year in 2020, according to a preliminary national accounts estimate released by Rosstat on 1 February. The full-year contraction was spearheaded by a significant downturn in domestic demand due to the constraining effects of the pandemic. Private consumption nosedived 8.6% annually in 2020, contrasting 2019's revised 3.2% increase (previously reported: +2.5% yoy) and marking the worst result in five years.

Looking ahead, the economy is expected to gradually recover in the coming quarters as the vaccination program gathers momentum and pandemic-related restrictions are gradually removed. Rebounding consumer demand and a healthier external backdrop are set to spearhead the recovery, with fiscal and monetary stimulus expected to further support the upturn. FocusEconomics panelists project GDP to rebound and grow 3.0% in 2021, which is down 0.1 percentage points from last month's forecast. For 2022, economy is seen expanding 2.4 %.

The Group's sales on the Russian market totalled 22 120 thousand EUR, decrease is 34.1% compared to 12 months of 2019. Local currency sales decreased by 25.2% during 12 months of 2020 compared to the same 12 months of 2019. The majority of the loss of sales revenue came from April and May, when there was an emergency situation in the Russia and the stores were closed. At the end of the reporting period, there were a total of 44 stores operated by the Group itself.

### Belarus Economic Outlook

A preliminary estimate revealed the economy shrank 0.9% in 2020 as a whole, improving from the 1.2% decrease observed in the first three quarters of the year and suggesting the economy picked up pace in Q4. The improvement in the fourth quarter was likely in part because the external sector enjoyed price competitiveness brought by currency depreciation, bolstering exports and limiting imports. Belarus markedly outperformed most countries in the region last year, amid less stringent social distancing measures. Looking at individual sectors in 2020, the key retail and wholesale trade sub-sector fell 1.4% due to the pandemic, and protests during Q3. Going forward, the economy should return to growth this year on stronger external demand. FocusEconomics Consensus Forecast panelists expect the economy to expand 1.7% in 2021, which is unchanged from last month's forecast. For 2022, panelists see GDP growth at 2.1%.

The Group's sales in Belarus in the 12 months of 2020 were 10 927 thousand EUR and decreased by 32.1% compared to the 12 months of 2019. Sales in local currency decreased by 20.0% during the same period. There are currently a total of 60 stores operated by the Group itself.

### Ukraine Economic Outlook

Industrial production jumped 4.8% in December, rebounding strongly from November's 0.3% slip and marking the first increase in output since September 2019. The result reflected a broad-based improvement across all sub-components of the index. On a seasonally-adjusted monthly basis, factory output rose 1.1% in December, moderating from November's 1.5% increase. Meanwhile, the trend improved, with the annual average variation of industrial production coming in at minus 5.2% in December, up from November's minus 6.2%.

FocusEconomics Consensus Forecast panelists project that industrial output will rise 4.0% in 2021, which is up 0.5 percentage points from last month's forecast, and 3.6% in 2022.

The Group's sales in Ukraine in the 12 months of 2020 were 1 127 thousand EUR and decreased by 27.0% compared to the 12 months of 2019. Sales in local currency decreased by 22.4% during the same period.

## Sales structure

### Sales by markets

Group sales in its 3 major markets – Russia, Belarus and Ukraine – were 88.8% of its total sales. Measured in local currencies sales decrease was accordingly – -25.2%, -20.0% and -22.4%

	12m 2020	12m 2019	Change	Change, %
Russia, th RUB	1 799 417	2 406 844	-607 427	-25.2%
Belarus, th BYN	30 331	37 918	-7 587	-20.0%
Ukraine, th UAH	35 117	45 238	-10 121	-22.4%

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

	12m 2020	12m 2019	Change, EUR	Change, %	12m 2020, % of sales	12m 2019, % of sales
in thousands of EUR						
Russia	22 120	33 582	-11 462	-34.1%	57.5%	59.0%
Belarus	10 927	16 082	-5 155	-32.1%	28.4%	28.2%
Ukraine	1 127	1 543	-416	-27.0%	2.9%	2.7%
Baltics	1 089	1 323	-234	-17.7%	2.8%	2.3%
Other markets	3 216	4 413	-1 197	-27.1%	8.4%	7.8%
<b>Total</b>	<b>38 479</b>	<b>56 943</b>	<b>-18 464</b>	<b>-32.4%</b>	<b>100.0%</b>	<b>100.0%</b>

The majority of lingerie sales revenue during for 12 months of 2020 in the amount 22 120 thousand EUR was generated in Russia, accounting for 57.5% of total sales. The second largest market was Belarus, where sales were 10 927 thousand EUR, contributing 28.4% of lingerie sales (both retail and wholesale). Volumes in Ukraine were 1 127 thousand EUR, accounting for 2.9% of total sales.

### Sales by business segments

	12m 2020	12m 2019	Change, EUR	Change, %	12m 2020, % of sales	12m 2019, % of sales
in thousands of EUR						
Wholesale	24 771	36 546	-11 775	-32.2%	64.4%	64.2%
Retail	13 608	20 137	-6 529	-32.4%	35.4%	35.4%
Other operations	100	260	-160	-61.5%	0.2%	0.4%
<b>Total</b>	<b>38 479</b>	<b>56 943</b>	<b>-18 464</b>	<b>-32.4%</b>	<b>100.0%</b>	<b>100.0%</b>

During 12 months of 2020 wholesale revenue amounted 24 771 thousand EUR, representing 64.4% of the Group's total revenue (12 months of 2019: 64.2%). The main wholesale regions were Russia and Belarus.

Our retail revenue decreased by 32.4% and amounted 13 608 thousand EUR, this represents 35.4% of the Group's total revenue.

### Own & franchise store locations, geography

	Own	Franchise	Total
Russia	44	356	400
Ukraine	0	20	20
Belarus	60	0	60
Baltics	5	20	25
Other regions	0	89	89
<b>Total</b>	<b>109</b>	<b>485</b>	<b>594</b>

At the end of the reporting period the Group and its franchising partners operated 562 Milavitsa and 32 Lauma Lingerie brand stores, including 109 stores operated directly by the Group.

## Selected Financial Indicators

Summarized selected financial indicators of the Group for 12 months of 2020 compared to 12 months of 2019 and 31.12.2020 compared to 31.12.2019 were as follows:

in thousands of EUR	12m 2020	12m 2019	Change
Revenue	38 479	56 943	-32.4%
Gross Profit	23 209	29 651	-21.7%
Operating profit	10 544	12 712	-17.1%
EBITDA	14 111	17 004	-17.0%
Net profit for the period	2 551	11 149	-77.1%
Net profit attributable equity holders of the Parent company	2 231	10 663	-79.1%
Earnings per share (EUR)	0,06	0,30	-80.0%
Operating cash flow for the period	6 356	15 086	-57.9%

in thousands of EUR	31.12.2020	31.12.2019	Change
Total assets	42 256	46 309	-8.8%
Total current assets	29 597	27 123	9.1%
Total equity attributable to equity holders of the Parent company	24 504	26 324	-6.9%
Cash and cash equivalents	8 980	5 152	74.3%

Margin analysis, %	12m 2020	12m 2019	Change
Gross profit	60,3	52,1	15.7%
Operating profit	27,4	22,3	22.9%
EBITDA	36,7	29,9	22.7%
Net profit	6,6	19,6	-66.3%
Net profit attributable to equity holders of the Parent company	5,8	18,7	-69.0%

Financial ratios, %	31.12.2020	31.12.2019	Change
ROA	5,3	22,2	-76.1%
ROE	9,3	38,9	-76.1%
Price to earnings ratio (P/E)	25,2	7,3	245.2%
Current ratio	3,4	2,7	25.9%
Quick ratio	1,3	0,8	62.5%

### Underlying formulas:

EBITDA = net profit for the period + depreciation and amortization + 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 38 479 thousand EUR during 12 months of 2020, representing a 32.4% decrease as compared to the same period of previous year. Overall, retail decreased by 32.4%, measured in EUR.

The Group's gross profit during 12 months of 2020 amounted to 23 209 thousand EUR and decrease by 21.7% compared to previous year. The gross margin during 12 months of 2020 increased to 60.3%, from 52.1% in the respective period of previous year.

Consolidated operating profit for 12 months of 2020 amounted to 10 544 thousand EUR, compared to 12 712 thousand EUR in 12 months of 2019, decrease by 17.1%. The consolidated operating profit margin was 27.4% for 12 months of 2020 (22.3% in 12 months of 2019). Consolidated EBITDA for 12 months of 2020 decreased by 17.0% and amounted to 14 111 thousand EUR, which is 36.7% in margin terms (17 004 thousand EUR and 29.9% for 12 months of 2019).

Reported consolidated net profit attributable to equity holders of the Parent company for 12 months of 2020 amounted to 2 231 thousand EUR, compared to net profit of 10 663 thousand EUR in 12 months of 2019, net profit margin attributable to equity holders of the Parent company for 12 months of 2020 was 5.8% against 18.7% in 12 months of 2019.

## **Financial position**

As of 31 December 2020 consolidated assets amounted to 42 256 thousand EUR representing decrease by 8.8% as compared to the position as of 31 December 2019.

Trade and other receivables decreased by 522 thousand EUR as compared to 31 December 2019 and amounted to 2 088 thousand EUR as of 31 December 2020. Inventory balance decreased 832 thousand EUR and amounted to 18 527 thousand EUR as of 31 December 2020.

Equity attributable to equity holders of the Parent company decreased by 1 820 thousand EUR and amounted to 24 504 thousand EUR as of 31 December 2020. Current liabilities decreased by 1 371 thousand EUR during 12 months of 2020.

## **Investments**

During 12 months of 2020 the Group's investments into property, plant and equipment totalled 289 thousand EUR, in previous year same period 1 216 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 2020, the Group employed 1 744 employees, including 500 people in retail operations. The rest were employed in production, wholesale, administration and support operations. In 31.12.2019 there were 1 888 employees, including 503 people in retail operations.

Total salaries and related taxes during 12 months of 2020 amounted 9 854 thousand EUR (13 195 thousand EUR in 12 months of 2019). The remuneration of key management of the Group, including the key executives of all subsidiaries, totalled 710 thousand EUR.

## **Decisions made by governing bodies during 12 months 2020**

On June 30, 2020 Silvano Fashion Group held its regular Annual General Meeting of Shareholders. The Meeting adopted the following decisions.

- The Meeting approved the 2019 Annual Report.
- The Meeting decided leave the net profit undistributed and include the net profit of the financial year 2019 in retained earnings.
- The Meeting decided: To annul Article 5.7 of the Articles of Association which includes: The public limited company may be represented in all legal transactions only by two members of the Management Board jointly. To approve the new Articles of Association of the Company.
- The Meeting decided: To recall Toomas Tool, Mart Mutso, Risto Mägi, Triin Nellis and Stephan David Balkin from the Supervisory Board of SFG. To elect Toomas Tool as member of the Supervisory Board of SFG for the next 5-year period until June 30, 2025. To elect Mari Tool as member of the Supervisory Board of SFG for the next 5-year period until June 30, 2025. To elect Risto Mägi as member of the Supervisory Board of SFG for the next 5-year period until June 30, 2025. To elect Triin Nellis as member of the Supervisory Board of SFG for the next 5-year period until June 30, 2025. To elect Stephan David Balkin as member of the Supervisory Board of SFG for the next 5-year period until June 30, 2025.

- The Meeting decided: To appoint the auditing company Ernst & Young Baltic AS (registry code 10877299, located at Rävåla 4, 10143 Tallinn) as the auditor of AS Silvano Fashion Group in 2020, 2021 and 2022 the financial years.

## Shares of AS Silvano Fashion Group

As of 31 December 2020 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 2020 AS Silvano Fashion Group had 2 931 shareholders (as of 31 December 2019: 2 231 shareholders).

As of 31 December 2020 shareholders, whose interest in AS Silvano Fashion Group exceeded 5% included:

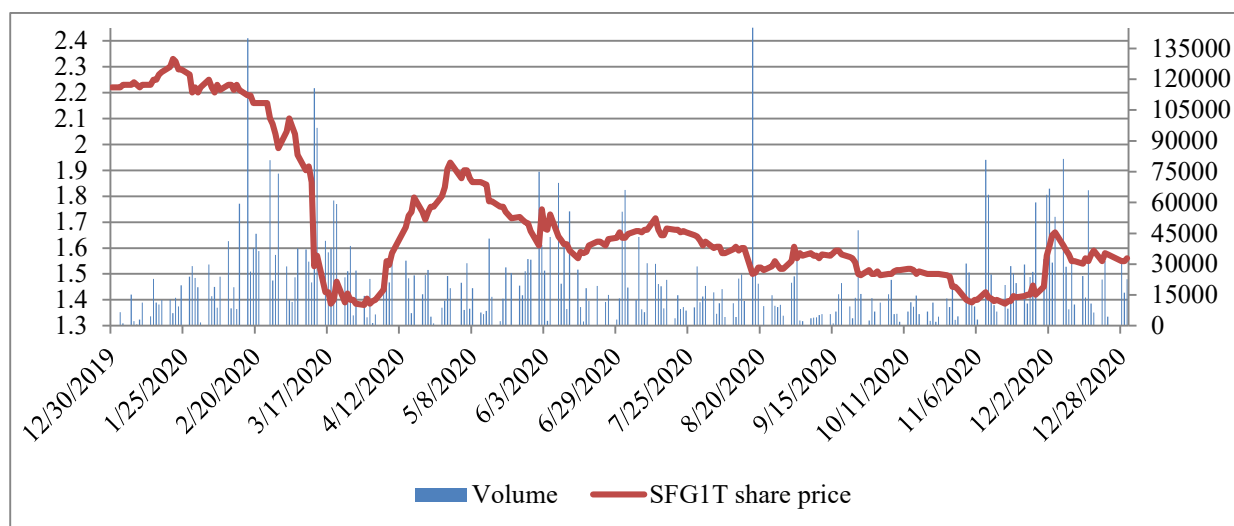
Name	Number of shares	Shareholding
<b>Major shareholders</b>	<b>16 820 000</b>	<b>46.72%</b>
BALTPLAST AS	8 820 000	24.50%
AS SEB PANK CLIENTS	8 000 000	22.22%
<b>Other shareholders</b>	<b>19 180 000</b>	<b>53.28%</b>
<b>Total number of shares</b>	<b>36 000 000</b>	<b>100.00%</b>

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

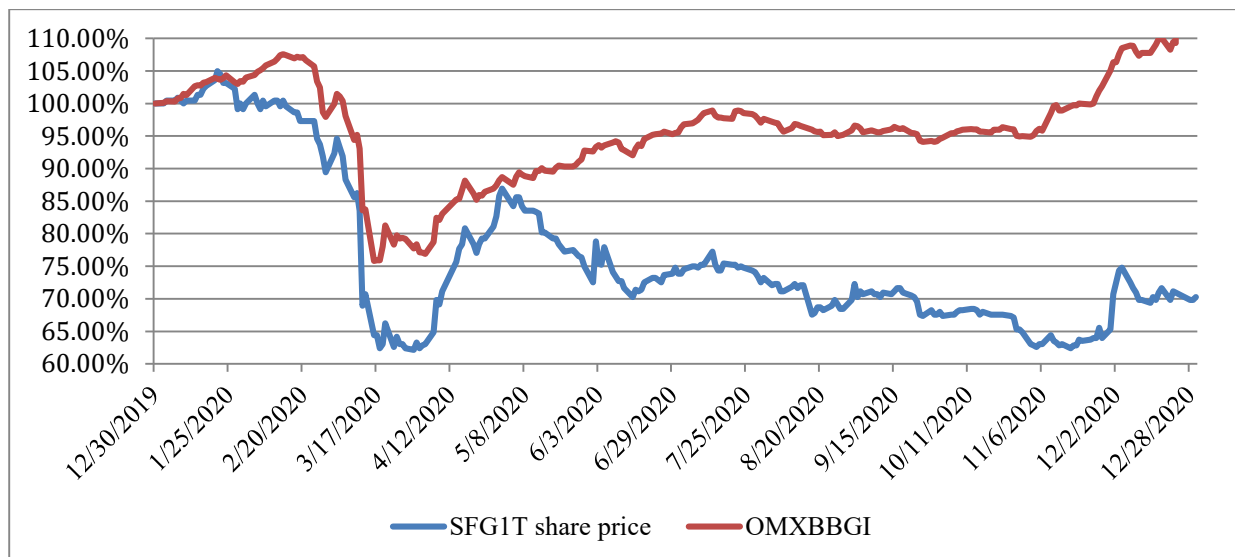
Name	Number of shares	Shareholding
<b>Major shareholders</b>	<b>16 820 000</b>	<b>46.72%</b>
BALTPLAST AS	8 820 000	24.50%
AS SEB PANK CLIENTS	8 000 000	22.22%
<b>Other shareholders</b>	<b>19 180 000</b>	<b>53.28%</b>
<b>Total number of shares</b>	<b>36 000 000</b>	<b>100.00%</b>

## Share price development and turnover on the Tallinn Stock Exchange during 12 months of 2020 (EUR)

During 12 months of 2020 the highest and lowest prices of the AS Silvano Fashion Group` share on the Tallinn Stock Exchange were 2.34 EUR and 1.37 EUR, respectively:

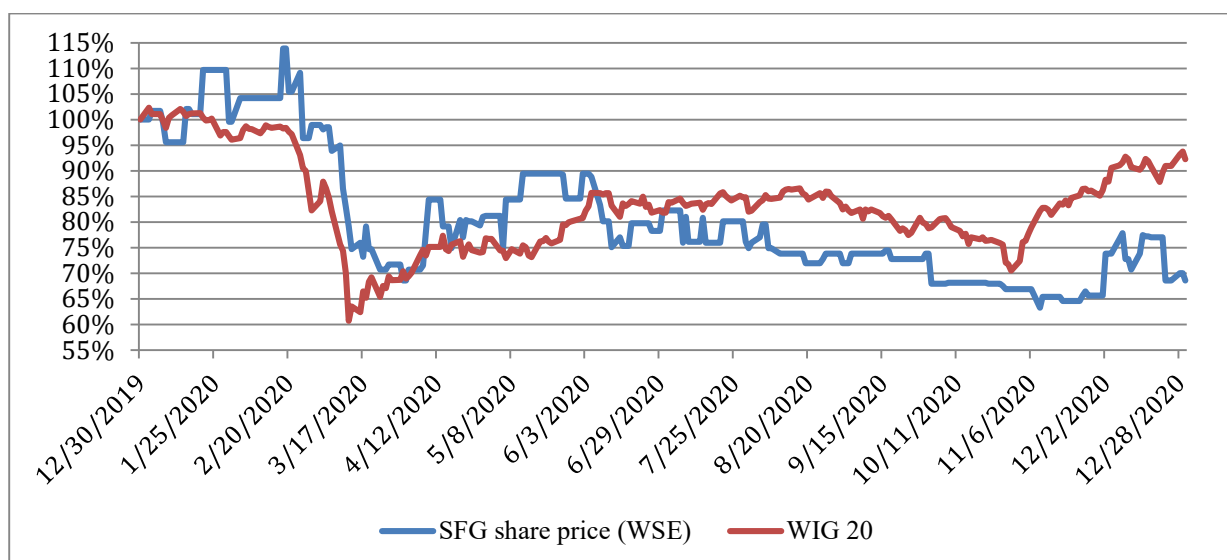
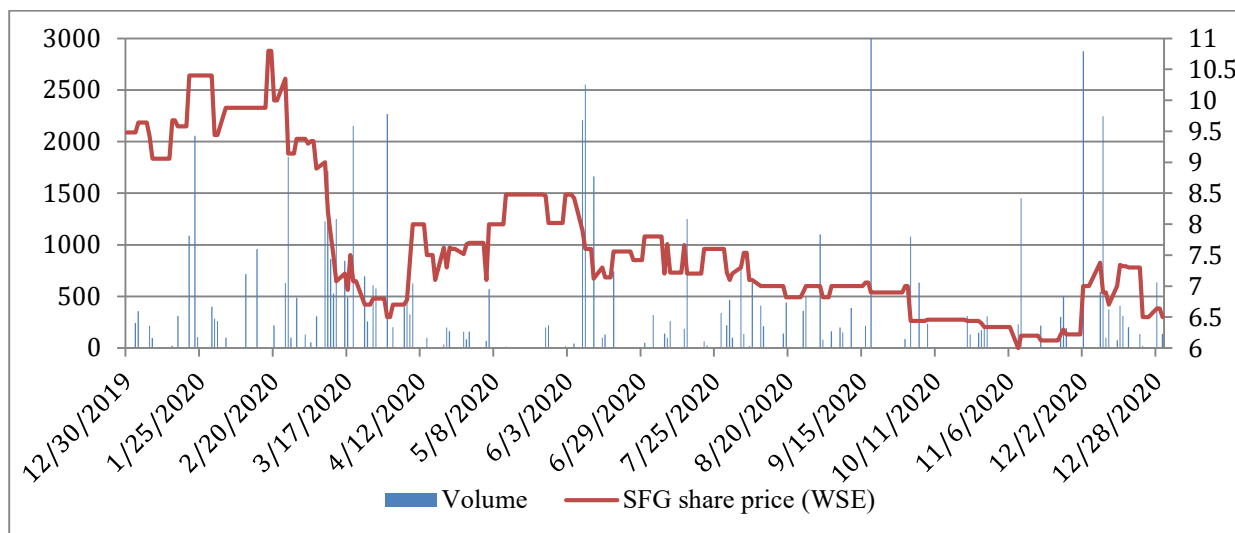






**Share price development on the Warsaw Stock Exchange during 12 months of 2020 (PLN)**

During 12 months of 2020, the highest and lowest prices of the AS Silvano Fashion Group` share on the Warsaw Stock Exchange were 10.80 PLN and 6.00 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 2020 (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 26, 2021

## Consolidated Statement of Financial Position

in thousands of EUR	Note	31.12.2020	31.12.2019
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		8 980	5 152
Current loans granted		2	2
Trade and other receivables	2	2 088	2 610
Inventories	3	18 527	19 359
<b>Total current assets</b>		<b>29 597</b>	<b>27 123</b>
<b>Non-current assets</b>			
Long-term receivables		249	334
Investments in associates		57	82
Available-for-sale investments		238	321
Deferred tax asset		1 032	905
Intangible assets		374	423
Investment property		1 018	869
Property, plant and equipment	4	9 691	16 252
<b>Total non-current assets</b>		<b>12 659</b>	<b>19 186</b>
<b>TOTAL ASSETS</b>		<b>42 256</b>	<b>46 309</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Current borrowings		400	0
Short-term finance lease obligations		2 121	2 362
Trade and other payables	5	5 583	6 899
Tax liabilities		675	889
<b>Total current liabilities</b>		<b>8 779</b>	<b>10 150</b>
<b>Non-current liabilities</b>			
Deferred tax liability		500	14
Long-term borrowings		400	0
Long-term finance lease obligations		4 707	6 333
Long-term provisions		52	61
<b>Total non-current liabilities</b>		<b>5 659</b>	<b>6 408</b>
<b>Total liabilities</b>		<b>14 438</b>	<b>16 558</b>
<b>Equity</b>			
Share capital	6	3 600	3 600
Share premium		4 967	4 967
Statutory reserve capital		1 306	1 306
Revaluation reserve		355	355
Unrealised exchange rate differences		-19 748	-15 697
Retained earnings		34 024	31 793
<b>Total equity attributable to equity holders of the Parent company</b>		<b>24 504</b>	<b>26 324</b>
Non-controlling interest		3 314	3 427
<b>Total equity</b>		<b>27 818</b>	<b>29 751</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>42 256</b>	<b>46 309</b>

## Consolidated Income Statement

in thousands of EUR	Note	4Q 2020	4Q 2019	12m 2020	12m 2019
Revenue	8	8 720	12 132	38 479	56 943
Cost of goods sold		-3 608	-5 138	-15 270	-27 292
<b>Gross Profit</b>		<b>5 112</b>	<b>6 994</b>	<b>23 209</b>	<b>29 651</b>
Distribution expenses		-1 940	-2 958	-8 548	-11 714
Administrative expenses		-911	-1 181	-3 779	-4 582
Other operating income		113	81	336	300
Other operating expenses		-200	-314	-674	-943
<b>Operating profit</b>		<b>2 174</b>	<b>2 622</b>	<b>10 544</b>	<b>12 712</b>
Currency exchange income/(expense)		214	144	-6 172	3 057
Other finance income/(expenses)		-83	-223	-428	-590
<b>Net financial income</b>		<b>131</b>	<b>-79</b>	<b>-6 600</b>	<b>2 467</b>
Profit (loss) from associates using equity method		4	5	1	8
<b>Profit before tax</b>		<b>2 309</b>	<b>2 548</b>	<b>3 945</b>	<b>15 187</b>
Income tax expense		-956	-1 163	-1 394	-4 038
<b>Profit for the period</b>		<b>1 353</b>	<b>1 385</b>	<b>2 551</b>	<b>11 149</b>
Attributable to :					
Equity holders of the Parent company		1 231	1 371	2 231	10 663
Non-controlling interest		122	14	320	486
Earnings per share from profit attributable to equity holders of the Parent company, both basic and diluted (EUR)		0,03	0,04	0,06	0,30

## Consolidated Statement of Comprehensive Income

in thousands of EUR	Note	4Q 2020	4Q 2019	12m 2020	12m 2019
<b>Profit for the period</b>		<b>1 353</b>	<b>1 385</b>	<b>2 551</b>	<b>11 149</b>
<b>Other comprehensive income (loss) that will be reclassified to profit or loss in subsequent periods</b>		<b>-1 321</b>	<b>-1 035</b>	<b>-4 071</b>	<b>-699</b>
Attributable to :					
Equity holders of the Parent company		-913	-1 035	-4 051	-1 001
Non-controlling interest		-408	0	-20	302
<b>Total comprehensive income (loss) for the period</b>		<b>32</b>	<b>350</b>	<b>-1 520</b>	<b>10 450</b>
Attributable to :					
Equity holders of the Parent company		318	336	-1 820	9 662
Non-controlling interest		-286	14	300	788

**Consolidated Statement of Cash Flows**

in thousands of EUR	Note	12m 2020	12m 2019
<b>Cash flow from operating activities</b>			
<b>Profit for the period</b>		<b>2 551</b>	<b>11 149</b>
Adjustments for:			
Depreciation and amortization of non-current assets		3 567	4 292
Share of profit of equity accounted investees		-1	-8
(Gains)/ losses on the sale of property, plant and equipment		9	50
Net finance income / costs		560	-2 467
Provision for impairment losses on trade receivables		20	45
Provision for inventories		202	263
Provision for long-term benefits		52	0
Provision for deferred tax asset		0	678
Income tax expense		1 394	4 038
Change in inventories		832	-1 714
Change in trade and other receivables		427	944
Change in trade and other payables		-1 512	114
Interest paid		-9	0
Income tax paid		-1 736	-2 298
<b>Net cash from operating activities</b>		<b>6 356</b>	<b>15 086</b>
<b>Cash flow from investing activities</b>			
Interest received		13	12
Dividends received		46	0
Proceeds from disposal of property, plant and equipment		75	84
Proceeds from repayments of loans granted		0	6
Acquisition of property, plant and equipment		-289	-1 216
Acquisition of intangible assets		-110	-219
Acquisition of subsidiary net of cash acquired		-26	0
<b>Net cash used in/from investing activities</b>		<b>-291</b>	<b>-1 333</b>
<b>Cash flow from financing activities</b>			
Proceeds from borrowings		800	0
Repayment of finance lease		-2 495	-2 988
Interest paid on finance lease		-492	-636
Dividends paid		-413	-7 710
Reduction of share capital		0	-10 800
<b>Net cash used in/ from financing activities</b>		<b>-2 600</b>	<b>-22 134</b>
<b>Increase in cash and cash equivalents</b>		<b>3 465</b>	<b>-8 381</b>
<b>Cash and cash equivalents at the beginning of period</b>		<b>5 152</b>	<b>13 603</b>
Effect of exchange rate fluctuations on cash held		363	-70
<b>Cash and cash equivalents at the end of period</b>		<b>8 980</b>	<b>5 152</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 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		-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>
<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>
Profit for the period	0	0	0	0	0	2 231	2 231	320	2 551
Other comprehensive income for the period	0	0	0	0	-4 051	0	-4 051	-20	-4 071
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-4 051</b>	<b>2 231</b>	<b>-1 820</b>	<b>300</b>	<b>-1 520</b>
<b>Transactions with owners, recognised directly in equity</b>									
Dividends declared	0	0	0	0	0	0	0	-413	-413
<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>0</b>	<b>0</b>	<b>-413</b>	<b>-413</b>
<b>Balance as at 31 December 2020</b>	<b>3 600</b>	<b>4 967</b>	<b>1 306</b>	<b>355</b>	<b>-19 748</b>	<b>34 024</b>	<b>24 504</b>	<b>3 314</b>	<b>27 818</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 2020 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 12 months of 2020 ended on 31 December 2020 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 2019, 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 2019 there are no new IFRSs or IFRIC interpretations that are effective for the financial year beginning on or after 1 January 2020 and that would be expected to have a material impact on the Group.

### Note 2 Trade and other receivables

in thousands of EUR	31.12.20	31.12.19
Trade receivables from third parties	1 079	1 023
Trade receivables from related parties	0	0
Impairment of receivables	-57	-61
Tax prepayments	471	645
Other receivables	595	1 003
<b>Total</b>	<b>2 088</b>	<b>2 610</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	31.12.20	31.12.19
Raw and other materials	3 691	4 717
Work in progress	954	980
Finished goods	13 065	12 985
Other inventories	817	677
<b>Total</b>	<b>18 527</b>	<b>19 359</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>31.12.2018</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
Reclassification to investment property	0	0	0	0	0	0
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>
<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>
<b>Movements during 12m 2020</b>						
Additions	0	15	92	867	182	1 156
Disposals	0	-1	-65	-112	0	-178
Reclassification to investment property	-446	0	0	0	0	-446
Reclassifications	2	94	101	0	-197	0
Depreciation	-115	-659	-521	-2 232	0	-3 527
Unrealised exchange rate differences	-716	-715	-190	-1 931	-14	-3 566
<b>Closing net book amount</b>	<b>1 777</b>	<b>1 945</b>	<b>600</b>	<b>5 335</b>	<b>34</b>	<b>9 691</b>
<b>31.12.2020</b>						
Cost	3 709	13 734	4 271	9 372	34	31 120
Accumulated depreciation	-1 932	-11 789	-3 671	-4 037	0	-21 429
<b>Net book amount</b>	<b>1 777</b>	<b>1 945</b>	<b>600</b>	<b>5 335</b>	<b>34</b>	<b>9 691</b>

The Group didn't have any significant binding commitments to purchase property plant and equipment as of 31 December 2020.



## Note 5 Trade and other payables

in thousands of EUR	31.12.20	31.12.19
Trade payables	4 086	4 980
Accrued expenses	407	501
Provisions	37	39
Other payables	1 055	1 379
<b>Total</b>	<b>5 583</b>	<b>6 899</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 2020 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 2019, 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 2020 AS Silvano Fashion Group had 2 931 shareholders (as of 31 December 2019: 2 231 shareholders).

## Note 7 Earnings per share

The calculation of basic earnings per share for 12 months of 2020 (12 months of 2019) is based on profit attributable to owners and a weighted average number of ordinary shares.

in thousands of shares	12m 2020	12m 2019
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 2020	12m 2019
Profit for the period attributable to equity holders of the Parent company	2 231	10 663
Basic earnings per share (EUR)	0.06	0.30
Diluted earnings per share (EUR)	0.06	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 2020	12m 2019
Revenue from wholesale	24 771	36 546
Revenue from retail	13 608	20 137
Subcontracting and services	87	238
Other sales	13	22
<b>Total</b>	<b>38 479</b>	<b>56 943</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.

<b>Sales of goods and services</b>		
in thousands of EUR	12m 2020	12m 2019
Associates	639	1 283
<b>Total</b>	<b>639</b>	<b>1 283</b>

<b>Balances with related parties</b>		
in thousands of EUR	31.12.2020	31.12.2019
Trade receivables from associates	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

<b>Benefits to key management of the group</b>		
in thousands of EUR	12m 2020	12m 2019
Remunerations and benefits	710	870
<b>Total</b>	<b>710</b>	<b>870</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, amortization, 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 2020 and as of 31.12.2020			Unallocated	Eliminations	Total
	Lingerie retail	Lingerie wholesale	Total segments			
Revenue from external customers	13 608	24 771	38 379	100		38 479
Intersegment revenues	0	22 433	22 433	2 358	-24 791	0
<b>EBITDA</b>	<b>5 849</b>	<b>7 993</b>	<b>13 842</b>	<b>269</b>		<b>14 111</b>
Amortization and depreciation	-2 221	-728	-2 949	-618	0	-3 567
<b>Operating income, EBIT</b>	<b>3 628</b>	<b>7 265</b>	<b>10 893</b>	<b>-349</b>	<b>0</b>	<b>10 544</b>
Profit from associates using equity method	0	1	1	0	0	1
Net financial income	-686	-670	-1 356	-5 244	0	-6 600
Income tax	-303	-1 311	-1 614	220	0	-1 394
<b>Net profit</b>	<b>2 639</b>	<b>5 285</b>	<b>7 924</b>	<b>-5 373</b>	<b>0</b>	<b>2 551</b>
Investments in associates	0	57	57	0	0	57
Other operating segments assets	4 311	27 017	31 328	10 871	0	42 199
Reportable segments liabilities	1 999	8 678	10 677	3 761	0	14 438
Capital expenditures	1 032	180	1 212	54	0	1 266
Number of employees as of reporting date	500	1 126	1 626	118		1 744
<b>Operating segments</b> <i>in thousands of EUR</i>	<b>12m 2019 and as of 31.12.2019</b>					
	Lingerie retail	Lingerie wholesale	Total segments	Unallocated	Eliminations	Total
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

### 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 2020	Revenue 12m 2019	Non-current assets 31.12.2020	Non-current assets 31.12.2019
Russia	22 120	33 582	1 968	3 799
Belarus	10 927	16 082	10 341	14 832
Ukraine	1 127	1 543	1	1
Baltics	1 089	1 323	324	529
Other countries	3 216	4 413	25	25
<b>Total</b>	<b>38 479</b>	<b>56 943</b>	<b>12 659</b>	<b>19 186</b>

#### Note 11 Subsequent events

##### Effects of the coronavirus

In connection with the virus threat, the Group immediately took measures to ensure the safety of both its customers and employees. To ensure the safety of customers, the Group's retail units were equipped with hand disinfectants and instructions for their use at store entrances. To protect the health of store employees, at the checkout there are protective gloves and masks for customers and staff.

The reduced purchasing power, the loss of revenue of closed sales units and the additional costs incurred to prevent the spread of the virus was put pressure on the Group's profit.

At the time of the preparing the report, all of the Group's sales premises were reopened, except in Latvia.

We estimate that the economic changes caused by the virus was not affect the Group's sustainability.