



AS Silvano Fashion Group

Consolidated Interim Financial Report for Q3 and 9 months of 2020 (unaudited)

(translation of the Estonian original) *

Beginning of the reporting period	1 January 2020
End of the reporting period	30 September 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	info@silvanofashion.com
Website	www.silvanofashion.com
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 30 September 2020 the Group employed 1 777 people (as of 31 December 2019: 1 888 people).

The Group comprises of the following entities:

Parent company	Location	Main activity	Ownership interest 30.09.2020	Ownership interest 31.12.2019
AS Silvano Fashion Group	Estonia	Holding		
Entities belonging to the Silvano Fashion Group				
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 29 759 thousand EUR during the 9 months of 2020, representing a 33.6% decrease as compared to the same period for the previous year. The Group's gross profit during the 9 months of 2020 amounted to 18 097 thousand EUR and decreased by 20.1% compared to 9 months of 2019. The Gross margin during the 9 months of 2020 increased to 60.8% from 50.6% as compared to 9 months of 2019.

Consolidated operating profit for 9 months of 2020 decreased by 17.0% to 8 370 thousand EUR, compared to 10 090 thousand EUR in 9 months of 2019. Consolidated EBITDA for 9 months of 2020 decreased by 13.4% and was 11 042 thousand EUR, compared to 12 745 thousand EUR in 9 months of 2019.

Reported consolidated net profit 9 months of 2020 amounted to 1 198 thousand EUR, as compared to net profit of 9 764 thousand EUR in the prior year's same period. Net profit attributable to equity holders of the Parent company for 9 months of 2020 decreased by 89.2% and amounted to 1 000 thousand EUR.

Russia Economic Outlook

Economic conditions seemed to improve in Q3, although they remained fragile after GDP shrank at the sharpest pace in over a decade in Q2. In July–August, economic activity declined at a softer pace than Q2's average, reflecting stronger manufacturing activity. In addition, the unemployment rate rose to an almost nine-year high in August, which, coupled with a depreciating ruble in September, likely capped the recovery in consumer spending.

Moreover, after diving in July, merchandise exports likely continued to plummet in August–September amid depressed oil output and prices. GDP is set to contract at the sharpest pace in over a decade this year.

FocusEconomics panelists project GDP to shrink 4.6% this year. In 2021, the economy is seen growing 3.3%, which is down 0.1 percentage points from last month's forecast.

The Group's sales on the Russian market totalled 16 900 thousand EUR, decrease is 35.6% compared to 9 months of 2019. Local currency sales decreased by 30.1% during 9 months of 2020 compared to the same 9 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

The economy contracted in Q2 on the fallout from the pandemic. Turning to Q3, available data paints a mixed picture: Cumulative GDP data for January–August shows a softer annual decline compared to January–June. However, retail sales growth remained below Q2's average in August, while industrial production declined in the month as widespread protests likely held back activity somewhat. In other news, on 11 September, S&P Global Ratings kept Belarus' credit rating at B but revised the outlook to negative from stable, citing risks emerging from the presidential election. The economy is set to contract this year, hit by both the pandemic and political tensions.

FocusEconomics panelists project the economy to shrink 3.8% in 2020. In 2021, the economy is expected to rebound and grow 2.3%, which is down 0.2 percentage points from last month's estimate.

The Group's sales in Belarus in the 9 months of 2020 were 8 757 thousand EUR and decreased by 30.3% compared to the 9 months of 2019. Sales in local currency decreased by 20.6% during the same period. There are currently a total of 61 stores operated by the Group itself.

Ukraine Economic Outlook

Comprehensive GDP data confirmed that the economy shrank at the sharpest annual pace in five years in Q2 as Covid-19 took its toll. Going forward, available data hints at a faltering recovery: After industrial output picked up strongly month-on-month in June, it eased in July and contracted slightly in August as manufacturing production stalled. Moreover, retail sales growth gained significant traction in July but slowed somewhat in August, and although consumer confidence continued to crawl higher in the same month, it remained well below February's pre-pandemic levels. Meanwhile, virus cases continue to rise rapidly, complicating matters. In other news, in early September, Fitch Ratings affirmed the country's credit rating at B with a stable outlook, citing its credible macro policy framework. FocusEconomics panelists see GDP falling 5.3% in 2020. In 2021, they see it expanding 4.2%, which is unchanged from last month's forecast.

The Group's sales in Ukraine in the 9 months of 2020 were 857 thousand EUR and decreased by 34.6% compared to the 9 months of 2019. Sales in local currency decreased by 33.3% during the same period.

Sales structure

Sales by markets

Group sales in its 3 major markets – Russia, Belarus and Ukraine – were 89.1% of its total sales. Measured in local currencies sales decrease was accordingly – -30.1%, -20.6% and -33.3%

	09m 2020	09m 2019	Change	Change, %
Russia, th RUB	1 328 891	1 901 673	-572 782	-30.1%
Belarus, th BYN	23 516	29 613	-6 097	-20.6%
Ukraine, th UAH	26 029	39 000	-12 971	-33.3%

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

	09m 2020	09m 2019	Change, EUR	Change, %	09m 2020, % of sales	09m 2019, % of sales
in thousands of EUR						
Russia	16 900	26 260	-9 360	-35.6%	56.8%	58.6%
Belarus	8 757	12 560	-3 803	-30.3%	29.4%	28.0%
Ukraine	857	1 310	-453	-34.6%	2.9%	2.9%
Baltics	864	1 029	-165	-16.0%	2.9%	2.3%
Other markets	2 381	3 652	-1 271	-34.8%	8.0%	8.2%
Total	29 759	44 811	-15 052	-33.6%	100.0%	100.0%

The majority of lingerie sales revenue during for 9 months of 2020 in the amount 16 900 thousand EUR was generated in Russia, accounting for 56.8% of total sales. The second largest market was Belarus, where sales were 8 757 thousand EUR, contributing 29.4% of lingerie sales (both retail and wholesale). Volumes in Ukraine were 857 thousand EUR, accounting for 2.9% of total sales.

Sales by business segments

	09m 2020	09m 2019	Change, EUR	Change, %	09m 2020, % of sales	09m 2019, % of sales
in thousands of EUR						
Wholesale	18 990	28 959	-9 969	-34.4%	63.8%	64.6%
Retail	10 680	15 705	-5 025	-32.0%	35.9%	35.1%
Other operations	89	147	-58	-40.0%	0.3%	0.3%
Total	29 759	44 811	-15 052	-33.6%	100.0%	100.0%

During 9 months of 2020 wholesale revenue amounted 18 990 thousand EUR, representing 63.8% of the Group's total revenue (9 months of 2019: 64.6%). The main wholesale regions were Russia and Belarus.

Our retail revenue decreased by 32.0% and amounted 10 680 thousand EUR, this represents 35.9% of the Group's total revenue.

Own & franchise store locations, geography

	Own	Franchise	Total
Russia	44	355	399
Ukraine	0	20	20
Belarus	61	0	61
Baltics	5	22	27
Other regions	0	90	90
Total	110	487	597

At the end of the reporting period the Group and its franchising partners operated 562 Milavitsa and 35 Lauma Lingerie brand stores, including 110 stores operated directly by the Group.

Selected Financial Indicators

Summarized selected financial indicators of the Group for 9 months of 2020 compared to 9 months of 2019 and 30.09.2020 compared to 31.12.2019 were as follows:

in thousands of EUR	09m 2020	09m 2019	Change
Revenue	29 759	44 811	-33.6%
Gross Profit	18 097	22 657	-20.1%
Operating profit	8 370	10 090	-17.0%
EBITDA	11 042	12 745	-13.4%
Net profit for the period	1 198	9 764	-87.7%
Net profit attributable equity holders of the Parent company	1 000	9 292	-89.2%
Earnings per share (EUR)	0,03	0,26	-88.5%
Operating cash flow for the period	6 620	12 856	-48.5%

in thousands of EUR	30.09.2020	31.12.2019	Change
Total assets	41 593	46 309	-10.2%
Total current assets	27 936	27 123	3.0%
Total equity attributable to equity holders of the Parent company	24 186	26 324	-8.1%
Cash and cash equivalents	9 856	5 152	91.3%

Margin analysis, %	09m 2020	09m 2019	Change
Gross profit	60.8	50.6	20.2%
Operating profit	28.1	22.5	24.9%
EBITDA	37.1	28.4	30.6%
Net profit	4.0	21.8	-81.7%
Net profit attributable to equity holders of the Parent company	3.4	20.7	-83.6%

Financial ratios, %	30.09.2020	31.12.2019	Change
ROA	5.5	22.2	-75.2%
ROE	9.7	38.9	-75.1%
Price to earnings ratio (P/E)	22.8	7.3	212.3%
Current ratio	4.0	2.7	48.1%
Quick ratio	1.7	0.8	112.5%

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 29 759 thousand EUR during 9 months of 2020, representing a 33.6% decrease as compared to the same period of previous year. Overall, wholesales decreased by 34.4%, measured in EUR.

The Group's gross profit during 9 months of 2020 amounted to 18 097 thousand EUR and decrease by 20.1% compared to previous year. The gross margin during 9 months of 2020 increased to 60.8%, from 50.6% in the respective period of previous year.

Consolidated operating profit for 9 months of 2020 amounted to 8 370 thousand EUR, compared to 10 090 thousand EUR in 9 months of 2019, decrease by 17.0%. The consolidated operating profit margin was 28.1% for 9 months of 2020 (22.5% in 9 months of 2019). Consolidated EBITDA for 9 months of 2020 decreased by 13.4% and amounted to 11 042 thousand EUR, which is 37.1% in margin terms (12 745 thousand EUR and 28.4% for 9 months of 2019).

Reported consolidated net profit attributable to equity holders of the Parent company for 9 months of 2020 amounted to 1 000 thousand EUR, compared to net profit of 9 292 thousand EUR in 9 months of 2019, net profit margin attributable to equity holders of the Parent company for 9 months of 2020 was 3.4% against 20.7% in 9 months of 2019.

Financial position

As of 30 September 2020 consolidated assets amounted to 41 593 thousand EUR representing decrease by 10.2% as compared to the position as of 31 December 2019.

Trade and other receivables decreased by 900 thousand EUR as compared to 31 December 2019 and amounted to 1 710 thousand EUR as of 30 September 2020. Inventory balance decreased 2 991 thousand EUR and amounted to 16 368 thousand EUR as of 30 September 2020.

Equity attributable to equity holders of the Parent company decreased by 2 138 thousand EUR and amounted to 24 186 thousand EUR as of 30 September 2020. Current liabilities decreased by 3 184 thousand EUR during 9 months of 2020.

Investments

During 9 months of 2020 the Group's investments into property, plant and equipment totalled 191 thousand EUR, in previous year same period 1 143 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 2020, the Group employed 1 777 employees, including 498 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 9 months of 2020 amounted 7 407 thousand EUR (9 846 thousand EUR in 9 months of 2019). The remuneration of key management of the Group, including the key executives of all subsidiaries, totalled 556 thousand EUR.

Decisions made by governing bodies during 9 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 30 September 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 30 September 2020 AS Silvano Fashion Group had 2 811 shareholders (as of 31 December 2019: 2 231 shareholders).

As of 30 September 2020 shareholders, whose interest in AS Silvano Fashion Group exceeded 5% included:

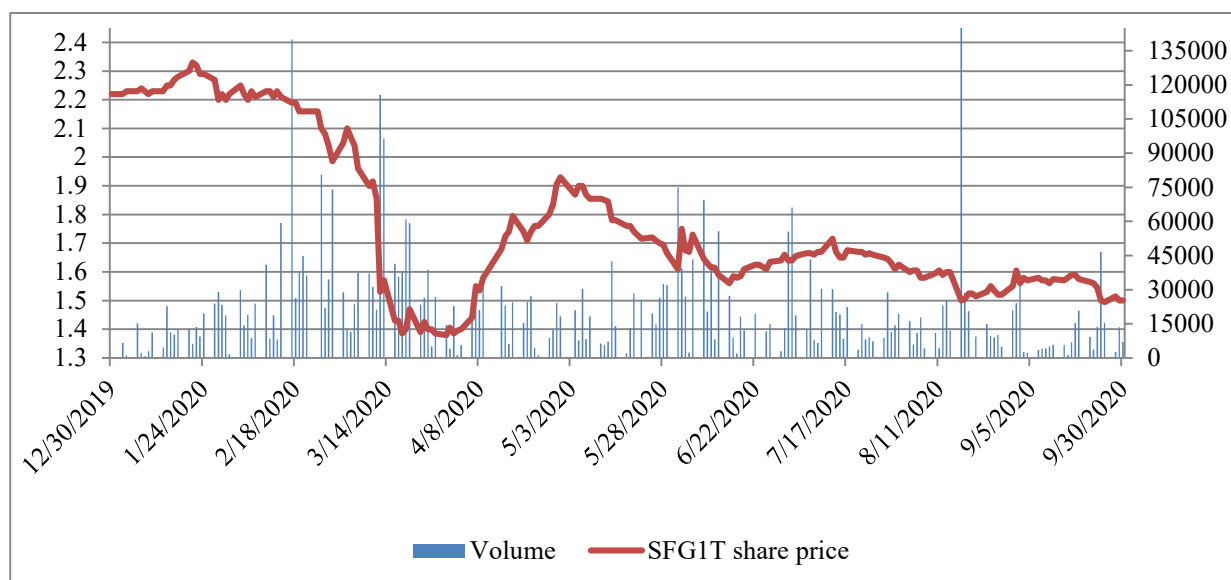
Name	Number of shares	Shareholding
Major shareholders	16 820 000	46.72%
BALTPLAST AS	8 820 000	24.50%
AS SEB PANK CLIENTS	8 000 000	22.22%
Other shareholders	19 180 000	53.28%
Total number of shares	36 000 000	100.00%

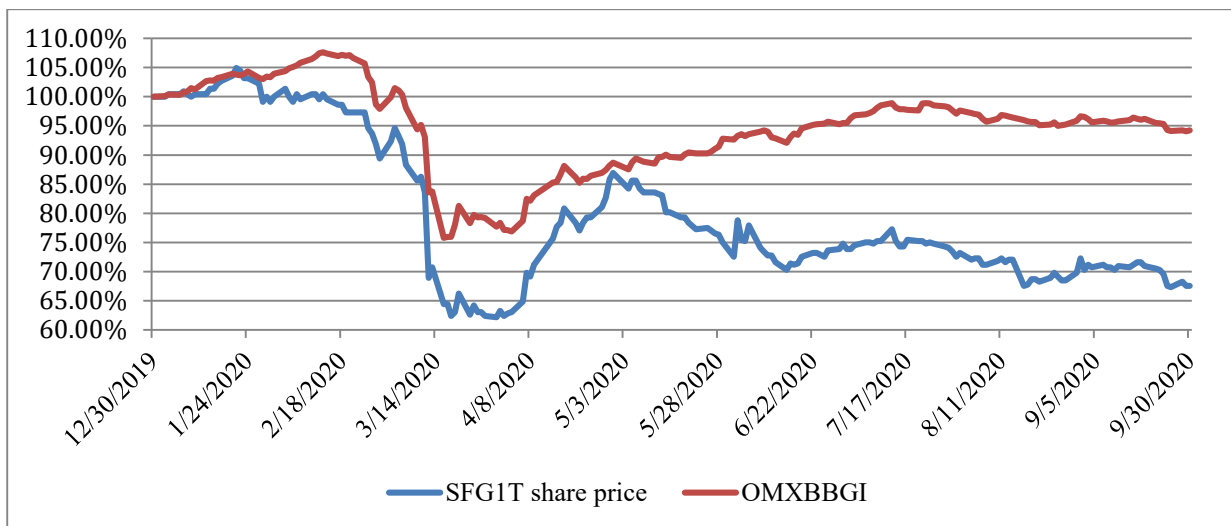
As of 31 December 2019 shareholders, whose interest in AS Silvano Fashion Group exceeded 5% included:

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

Share price development and turnover on the Tallinn Stock Exchange during 9 months of 2020 (EUR)

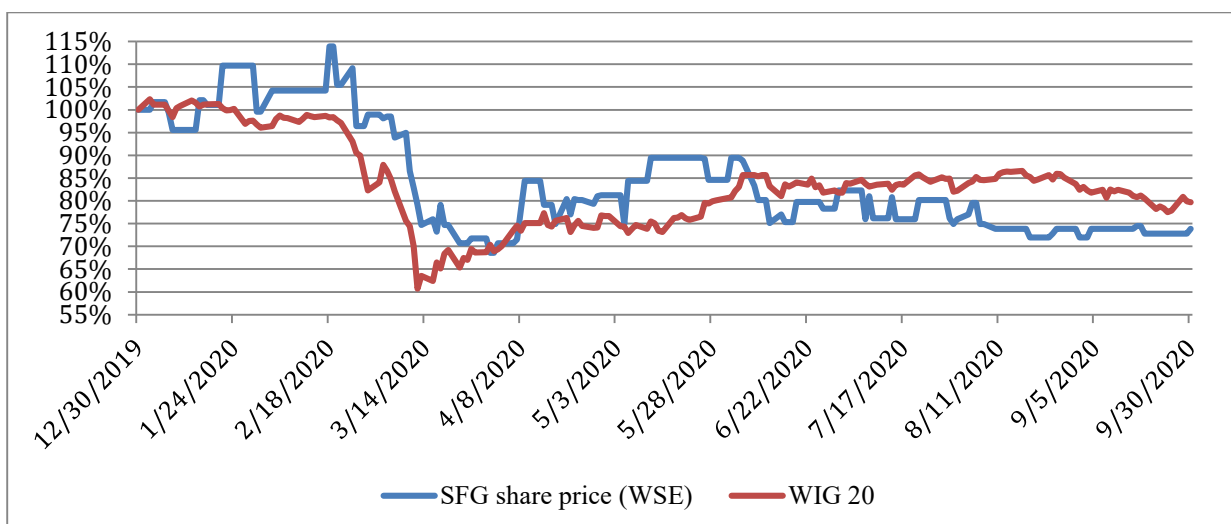
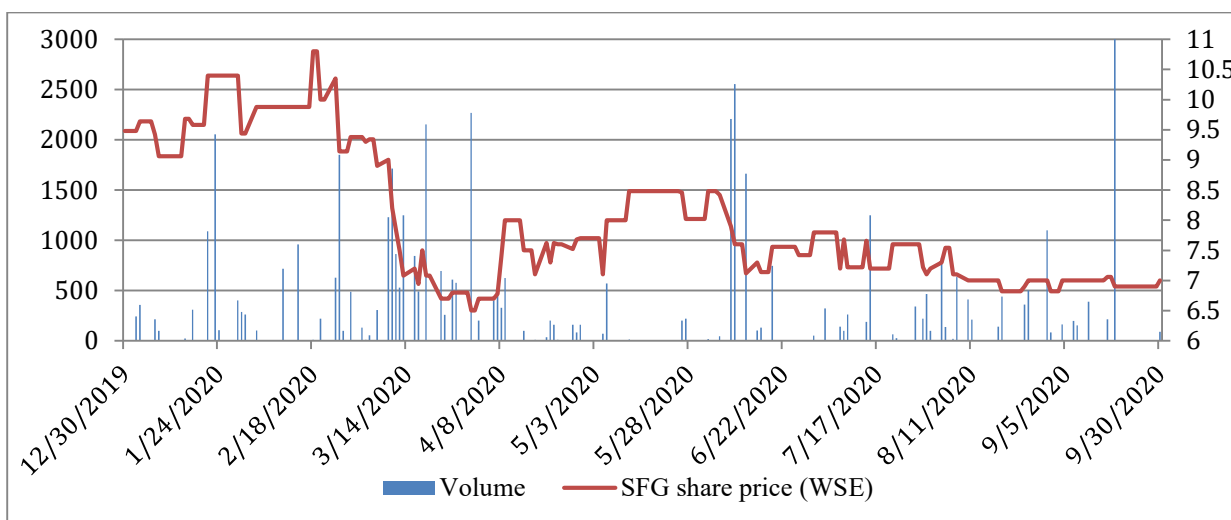
During 9 months of 2020 the highest and lowest prices of the AS Silvano Fashion Group` share on the Tallinn Stock Exchange were 2.34 EUR and 1.37 EUR, respectively:





Share price development on the Warsaw Stock Exchange during 9 months of 2020 (PLN)

During 9 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 6.50 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 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.



Jarek Särgava
Member of the Management Board
November 27, 2020

Consolidated Statement of Financial Position

in thousands of EUR	Note	30.09.2020	31.12.2019
ASSETS			
Current assets			
Cash and cash equivalents		9 856	5 152
Current loans granted		2	2
Trade and other receivables	2	1 710	2 610
Inventories	3	16 368	19 359
Total current assets		27 936	27 123
Non-current assets			
Long-term receivables		235	334
Investments in associates		58	82
Available-for-sale investments		245	321
Deferred tax asset		1 511	905
Intangible assets		364	423
Investment property		648	869
Property, plant and equipment	4	10 596	16 252
Total non-current assets		13 657	19 186
TOTAL ASSETS		41 593	46 309
LIABILITIES AND EQUITY			
Current liabilities			
Short-term finance lease obligations		581	2 362
Trade and other payables	5	4 985	6 899
Tax liabilities		1 400	889
Total current liabilities		6 966	10 150
Non-current liabilities			
Deferred tax liability		0	14
Long-term bank loans		400	0
Long-term finance lease obligations		6 405	6 333
Long-term provisions		46	61
Total non-current liabilities		6 851	6 408
Total liabilities		13 817	16 558
Equity			
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		-18 835	-15 697
Retained earnings		32 793	31 793
Total equity attributable to equity holders of the Parent company		24 186	26 324
Non-controlling interest		3 590	3 427
Total equity		27 776	29 751
TOTAL EQUITY AND LIABILITIES		41 593	46 309

Consolidated Income Statement

in thousands of EUR	Note	3Q 2020	3Q 2019	09m 2020	09m 2019
Revenue	8	12 028	14 547	29 759	44 811
Cost of goods sold		-4 506	-7 383	-11 662	-22 154
Gross Profit		7 522	7 164	18 097	22 657
Distribution expenses		-2 161	-2 902	-6 608	-8 756
Administrative expenses		-935	-1 114	-2 868	-3 401
Other operating income		94	72	223	219
Other operating expenses		-133	-191	-474	-629
Operating profit		4 387	3 029	8 370	10 090
Currency exchange income/(expense)		-3 830	443	-6 386	2 913
Other finance income/(expenses)		-111	-147	-345	-367
Net financial income		-3 941	296	-6 731	2 546
Profit (loss) from associates using equity method		-3	3	-3	3
Profit before tax		443	3 328	1 636	12 639
Income tax expense		-115	-767	-438	-2 875
Profit for the period		328	2 561	1 198	9 764
Attributable to :					
Equity holders of the Parent company		255	2 370	1 000	9 292
Non-controlling interest		73	191	198	472
Earnings per share from profit attributable to equity holders of the Parent company, both basic and diluted (EUR)	7	0,01	0,07	0,03	0,26

Consolidated Statement of Comprehensive Income

in thousands of EUR	Note	3Q 2020	3Q 2019	09m 2020	09m 2019
Profit for the period		328	2 561	1 198	9 764
Other comprehensive income (loss) that will be reclassified to profit or loss in subsequent periods		-690	325	-2 749	336
Attributable to :					
Equity holders of the Parent company		-741	227	-3 138	34
Non-controlling interest		51	98	389	302
Total comprehensive income (loss) for the period		-362	2 886	-1 551	10 100
Attributable to :					
Equity holders of the Parent company		-486	2 597	-2 138	9 326
Non-controlling interest		124	289	587	774

Consolidated Statement of Cash Flows

in thousands of EUR	09m 2020	09m 2019
Cash flow from operating activities		
Profit for the period	1 198	9 764
Adjustments for:		
Depreciation and amortization of non-current assets	2 672	2 655
Share of profit of equity accounted investees	3	-3
(Gains)/ losses on the sale of property, plant and equipment	3	23
Net finance income / costs	1 941	-2 546
Provision for inventories	2	0
Provision for long-term benefits	0	5
Income tax expense	438	2 875
Change in inventories	2 991	241
Change in trade and other receivables	769	1 211
Change in trade and other payables	-2 255	-417
Change in finance lease obligations	0	547
Income tax paid	-1 142	-1 499
Net cash from operating activities	6 620	12 856
Cash flow from investing activities		
Interest received	10	9
Proceeds from disposal of property, plant and equipment	34	61
Proceeds from repayments of loans granted	0	6
Acquisition of property, plant and equipment	-191	-1 143
Acquisition of intangible assets	-83	-165
Acquisition of subsidiary net of cash acquired	-26	0
Net cash used in/from investing activities	-256	-1 232
Cash flow from financing activities		
Proceeds from borrowings	400	0
Repayment of finance lease	-1 619	-1 646
Interest paid on finance lease	-367	0
Dividends paid	-424	-7 730
Reduction of share capital	0	-10 800
Net cash used in/ from financing activities	-2 010	-20 176
Increase in cash and cash equivalents	4 354	-8 552
Cash and cash equivalents at the beginning of period	5 152	13 603
Effect of exchange rate fluctuations on cash held	350	-95
Cash and cash equivalents at the end of period	9 856	4 956

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
Balance as at 31 December 2018	3 600	8 567	1 306	355	-14 696	28 330	27 462	3 149	30 611
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		34	0	34	302	336
Total comprehensive income for the period	0	0	0	0	34	9 292	9 326	774	10 100
Transactions with owners, recognised directly in equity									
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
Total transactions with owners, recognised directly in equity	0	-3 600	0	0	0	-7 200	-10 800	-530	-11 330
Balance as at 30 September 2019	3 600	4 967	1 306	355	-14 662	30 422	25 988	3 393	29 381
Balance as at 31 December 2019	3 600	4 967	1 306	355	-15 697	31 793	26 324	3 427	29 751
Profit for the period	0	0	0	0	0	1 000	1 000	198	1 198
Other comprehensive income for the period	0	0	0	0	-3 138	0	-3 138	389	-2 749
Total comprehensive income for the period	0	0	0	0	-3 138	1 000	-2 138	587	-1 551
Transactions with owners, recognised directly in equity									
Dividends declared	0	0	0	0	0	0	0	-424	-424
Total transactions with owners, recognised directly in equity	0	0	0	0	0	0	0	-424	-424
Balance as at 30 September 2020	3 600	4 967	1 306	355	-18 835	32 793	24 186	3 590	27 776

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 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 9 months of 2020 ended on 30 September 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	30.09.20	31.12.19
Trade receivables from third parties	940	1 023
Trade receivables from related parties	0	0
Impairment of receivables	-49	-61
Tax prepayments	421	645
Other receivables	398	1 003
Total	1 710	2 610

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	30.09.20	31.12.19
Raw and other materials	3 587	4 717
Work in progress	804	980
Finished goods	11 246	12 985
Other inventories	731	677
Total	16 368	19 359

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
31.12.2018						
Cost	5 402	16 086	5 376	0	17	26 881
Accumulated depreciation	-2 380	-12 818	-4 289	0	0	-19 487
Net book amount	3 022	3 268	1 087	0	17	7 394
Movements during 09m 2019						
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
Closing net book amount	3 058	3 503	1 186	8 060	233	16 040
30.09.2019						
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
Net book amount	3 058	3 503	1 186	8 060	233	16 040
31.12.2019						
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
Net book amount	3 052	3 211	1 183	8 743	63	16 252
Movements during 09m 2020						
Additions	0	15	74	305	102	496
Disposals	0	0	-31	0	0	-31
Reclassifications	2	64	73	0	-139	0
Depreciation	-89	-482	-486	-1 583	0	-2 640
Unrealised exchange rate differences	-713	-697	-165	-1 894	-12	-3 481
Closing net book amount	2 252	2 111	648	5 571	14	10 596
30.09.2020						
Cost	4 439	14 043	4 352	9 125	14	31 973
Accumulated depreciation	-2 187	-11 932	-3 704	-3 554	0	-21 377
Net book amount	2 252	2 111	648	5 571	14	10 596

The Group didn't have any significant binding commitments to purchase property plant and equipment as of 30 September 2020.

Note 5 Trade and other payables

in thousands of EUR	30.09.20	31.12.19
Trade payables	3 488	4 980
Accrued expenses	337	501
Provisions	41	39
Other payables	1 119	1 379
Total	4 985	6 899

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 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 30 September 2020 AS Silvano Fashion Group had 2 811 shareholders (as of 31 December 2019: 2 231 shareholders).

Note 7 Earnings per share

The calculation of basic earnings per share for 9 months of 2020 (9 months of 2019) is based on profit attributable to owners and a weighted average number of ordinary shares.

in thousands of shares	09m 2020	09m 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
Weighted average number of ordinary shares for the period	36 000	36 000

in thousands of EUR	09m 2020	09m 2019
Profit for the period attributable to equity holders of the Parent company	1 000	9 292
Basic earnings per share (EUR)	0.03	0.26
Diluted earnings per share (EUR)	0.03	0.26

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 2020	09m 2019
Revenue from wholesale	18 990	28 959
Revenue from retail	10 680	15 705
Subcontracting and services	78	128
Other sales	11	19
Total	29 759	44 811

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 2020	09m 2019
Associates	89	1 259
Total	89	1 259

Balances with related parties		
in thousands of EUR	30.09.2020	31.12.2019
Trade receivables from associates	0	0
Total	0	0

Benefits to key management of the group		
in thousands of EUR	09m 2020	09m 2019
Remunerations and benefits	556	648
Total	556	648

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>	09m 2020 and as of 30.09.2020		Total segments	Unallocated	Eliminations	Total
	Lingerie retail	Lingerie wholesale				
Revenue from external customers	10 680	18 990	29 670	89		29 759
Intersegment revenues	0	17 370	17 370	1 797	-19 167	0
EBITDA	4 384	6 460	10 844	198		11 042
Amortization and depreciation	-1 629	-563	-2 192	-480	0	-2 672
Operating income, EBIT	2 755	5 897	8 652	-282	0	8 370
Profit from associates using equity method	0	-3	-3	0	0	-3
Net financial income	-545	-422	-967	-5 764	0	-6 731
Income tax	-224	-1 032	-1 256	818	0	-438
Net profit	1 986	4 440	6 426	-5 228	0	1 198
Investments in associates	0	58	58	0	0	58
Other operating segments assets	4 075	26 280	30 355	11 180	0	41 535
Reportable segments liabilities	1 812	8 571	10 383	3 434	0	13 817
Capital expenditures	409	116	525	54	0	579
Number of employees as of reporting date	498	1 157	1 655	122		1 777
Operating segments <i>in thousands of EUR</i>	09m 2019 and as of 30.09.2019		Total segments	Unallocated	Eliminations	Total
	Lingerie retail	Lingerie wholesale				
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
EBITDA	6 283	6 637	12 920	-175		12 745
Amortization and depreciation	-1 490	-650	-2 140	-515	0	-2 655
Operating income, EBIT	4 793	5 987	10 780	-690	0	10 090
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
Net profit	4 233	4 645	8 878	886	0	9 764
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

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 09m 2020	Revenue 09m 2019	Non-current assets 30.09.2020	Non-current assets 31.12.2019
Russia	16 900	26 260	2 555	3 799
Belarus	8 757	12 560	10 699	14 832
Ukraine	857	1 310	1	1
Baltics	864	1 029	377	529
Other countries	2 381	3 652	25	25
Total	29 759	44 811	13 657	19 186

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 will put pressure on the Group's profit. The sales revenues of the Group in the coming months will be lower than in 2019.

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

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