



AS Silvano Fashion Group

Consolidated Interim Financial Report for Q3 and 9 months of 2021 (unaudited)

(translation of the Estonian original) *

Beginning of the reporting period	1 January 2021
End of the reporting period	30 September 2021
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 2021 the Group employed 1 633 people (as of 31 December 2020: 1 744 people).

The Group comprises of the following entities:

Parent company	Location	Main activity	Ownership interest 30.09.2021	Ownership interest 31.12.2020
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 and Wholesale	100%	100%
Milavitsa SP ZAO	Belarus	Manufacturing and Wholesale	85.02%	85.02%
Yunona OAO	Belarus	Manufacturing and Wholesale	58.33%	58.33%
Gimil OOO	Belarus	Manufacturing and Wholesale	100%	100%
Lauma Lingerie AS	Latvia	Manufacturing and Wholesale	100%	100%
Alisee SARL	Monaco	Holding	99%	99%
Stolichnaja Torgovaja Kompanija “Milavitsa” ZAO	Russia	Holding	100%	100%
Baltsped logistik OOO	Belarus	Logistics	50%	50%

Business environment and results

The Group's sales amounted to 36 891 thousand EUR during the 9 months of 2021, representing a 24.0% increase as compared to the same period for the previous year. The Group's gross profit during the 9 months of 2021 amounted to 21 095 thousand EUR and increased by 16.6% compared to 9 months of 2020. The Gross margin during the 9 months of 2021 decreased to 57.2% from 60.8% as compared to 9 months of 2020.

Consolidated operating profit for 9 months of 2021 increased by 47.3% to 12 325 thousand EUR, compared to 8 370 thousand EUR in 9 months of 2020. Consolidated EBITDA for 9 months of 2021 increased by 33.5% and was 14 744 thousand EUR, compared to 11 042 thousand EUR in 9 months of 2020.

Reported consolidated net profit for 9 months of 2021 amounted to 10 518 thousand EUR, as compared to net profit of 1 198 thousand EUR in the prior year's same period. Net profit attributable to equity holders of the Parent company for 9 months of 2021 increased by 856.2% and amounted 9 562 thousand EUR.

Russia Economic Outlook

The Group's sales on the Russian market totalled 21 905 thousand EUR, increase is 29.6% compared to 9 months of 2020. Local currency sales increased by 44.6% during 9 months of 2021 compared to the same 9 months of 2020. At the end of the reporting period, there were a total of 44 stores operated by the Group itself.

Belarus Economic Outlook

The Group's sales in Belarus in the 9 months of 2021 were 8 795 thousand EUR and increased by 0.4% compared to the 9 months of 2020. Sales in local currency increased by 14.3% during the same period. There are currently a total of 61 stores operated by the Group itself.

Ukraine Economic Outlook

The Group's sales in Ukraine in the 9 months of 2021 were 1 307 thousand EUR and increased by 52.5% compared to the 9 months of 2020. Sales in local currency increased by 64.2% during the same period.

Sales structure

Sales by markets

Group sales in its 3 major markets – Russia, Belarus and Ukraine – were 86.7% of its total sales. Measured in local currencies sales increase was accordingly – 44.6% in Russia, 14.3% in Belarus and 64.2% in Ukraine.

	09m 2021	09m 2020	Change	Change, %
Russia, th RUB	1 921 325	1 328 891	592 434	44.6%
Belarus, th BYN	26 889	23 516	3 373	14.3%
Ukraine, th UAH	42 744	26 029	16 715	64.2%

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

	09m 2021	09m 2020	Change, EUR	Change, %	09m 2021, % of sales	09m 2020, % of sales
in thousands of EUR						
Russia	21 905	16 900	5 005	29.6%	59.4%	56.8%
Belarus	8 795	8 757	38	0.4%	23.8%	29.4%
Ukraine	1 307	857	450	52.5%	3.5%	2.9%
Baltics	959	864	95	11.0%	2.6%	2.9%
Other markets	3 925	2 381	1 544	64.9%	10.7%	8.0%
Total	36 891	29 759	7 132	24.0%	100.0%	100.0%

The majority of lingerie sales revenue during 9 months of 2021 in the amount 21 905 thousand EUR was generated in Russia, accounting for 59.4% of total sales. The second largest market was Belarus, where sales were 8 795 thousand EUR, contributing 23.8% of lingerie sales (both retail and wholesale). Volumes in Ukraine were 1 307 thousand EUR, accounting for 3.5% of total sales.

Sales by business segments

	09m 2021	09m 2020	Change, EUR	Change, %	09m 2021, % of sales	09m 2020, % of sales
in thousands of EUR						
Wholesale	24 656	18 990	5 666	29.8%	66.8%	63.8%
Retail	12 157	10 680	1 477	13.8%	33.0%	35.9%
Other operations	78	89	-11	-12.4%	0.2%	0.3%
Total	36 891	29 759	7 132	24.0%	100.0%	100.0%

During 9 months of 2021 wholesale revenue amounted to 24 656 thousand EUR, representing 66.8% of the Group's total revenue (9 months of 2020: 63.8%). The main wholesale regions were Russia, Belarus and Ukraine.

Our retail revenue increased by 13.8% and amounted to 12 157 thousand EUR, this represents 33.0% of the Group's total revenue.

Own & franchise store locations, geography

	Own	Franchise	Total
Russia	44	347	391
Ukraine	0	20	20
Belarus	61	0	61
Baltics	6	21	27
Other regions	0	87	87
Total	111	475	586

At the end of the reporting period the Group and its franchising partners operated 553 Milavitsa and 33 Lauma Lingerie brand stores, including 111 stores operated directly by the Group.

Selected Financial Indicators

Summarized selected financial indicators of the Group for 9 months of 2021 compared to 9 months of 2020 and 30.09.2021 compared to 31.12.2020 were as follows:

in thousands of EUR	09m 2021	09m 2020	Change
Revenue	36 891	29 759	24.0%
Gross Profit	21 095	18 097	16.6%
Operating profit	12 325	8 370	47.3%
EBITDA	14 744	11 042	33.5%
Net profit for the period	10 518	1 198	778.0%
Net profit attributable equity holders of the Parent company	9 562	1 000	856.2%
Earnings per share (EUR)	0,27	0,03	800.0%
Operating cash flow for the period	12 910	6 620	95.0%

in thousands of EUR	30.09.2021	31.12.2020	Change
Total assets	52 677	42 256	24.7%
Total current assets	39 897	29 597	34.8%
Total equity attributable to equity holders of the Parent company	34 501	24 504	40.8%
Cash and cash equivalents	18 097	8 980	101.5%

Margin analysis, %	09m 2021	09m 2020	Change
Gross profit	57.2	60.8	-5.9%
Operating profit	33.4	28.1	18.9%
EBITDA	40.0	37.1	7.8%
Net profit	28.5	4.0	612.5%
Net profit attributable to equity holders of the Parent company	25.9	3.4	661.8%

Financial ratios, %	30.09.2021	31.12.2020	Change
ROA	20.8	3.2	550.0%
ROE	34.1	5.6	508.9%
Price to earnings ratio (P/E)	6.7	41.7	-83.9%
Current ratio	5.2	3.4	52.9%
Quick ratio	2.6	1.3	100.0%

Underlying formulas:

EBITDA = net profit for the period + depreciation and amortisation + net finance income + income tax expense

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 36 891 thousand EUR during 9 months of 2021, representing a 24.0% increase as compared to the same period of previous year. Overall, wholesale increased by 29.8%, measured in EUR.

The Group's gross profit during 9 months of 2021 amounted to 21 095 thousand EUR and increase by 16.6% compared to previous year. The gross margin during 9 months of 2021 decreased to 57.2%, from 60.8% in the respective period of previous year. The cost of sold goods increased by 35.4%.

Consolidated operating profit for 9 months of 2021 amounted to 12 325 thousand EUR, compared to 8 370 thousand EUR in 9 months of 2020, increase by 47.3%. The consolidated operating profit margin was 33.4% for 9 months of 2021 (28.1% in 9 months of 2020). Consolidated EBITDA for 9 months of 2021 increased by 33.5% and amounted to 14 744 thousand EUR, which is 40.0% in margin terms (11 042 thousand EUR and 37.1% for 9 months of 2020).

Reported consolidated net profit attributable to equity holders of the Parent company for 9 months of 2021 amounted to 9 562 thousand EUR, compared to net profit of 1 000 thousand EUR in 9 months of 2020, net profit margin attributable to equity holders of the Parent company for 9 months of 2021 was 25.9% against 3.4% in 9 months of 2020.

Financial position

As of 30 September 2021 consolidated assets amounted to 52 677 thousand EUR representing increase by 24.7% as compared to the position as of 31 December 2020.

Trade and other receivables decreased by 48 thousand EUR as compared to 31 December 2020 and amounted to 2 040 thousand EUR as of 30 September 2021. Inventory balance increased by 1 231 thousand EUR and amounted to 19 758 thousand EUR as of 30 September 2021.

Equity attributable to equity holders of the Parent company increased by 9 997 thousand EUR and amounted to 34 501 thousand EUR as of 30 September 2021. Current liabilities decreased by 1 048 thousand EUR during 9 months of 2021.

Investments

During 9 months of 2021 the Group's investments into property, plant and equipment totalled 177 thousand EUR, in previous year same period 191 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 2021, the Group employed 1 633 employees, including 490 people in retail operations. The rest were employed in production, wholesale, administration and support operations. In 31.12.2020 there were 1 744 employees, including 500 people in retail operations.

Total salaries and related taxes during 9 months of 2021 amounted to 7 158 thousand EUR (7 407 thousand EUR in 9 months of 2020). The remuneration of key management of the Group, including the key executives of all subsidiaries, totalled 443 thousand EUR.

Decisions made by governing bodies during 9 months 2021

On June 22, 2021 Silvano Fashion Group held its regular Annual General Meeting of Shareholders. The Meeting adopted the following decisions.

- The Meeting approved the 2020 Consolidated Annual Report.
- The Meeting decided to leave the net profit undistributed and include the net profit of the financial year 2020 in retained earnings.

Shares of AS Silvano Fashion Group

As of 30 September 2021 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 2021 AS Silvano Fashion Group 3 159 shareholders (as of 31 December 2020: 2 931 shareholders).

As of 30 September 2021 shareholders, whose interest in AS Silvano Fashion Group exceeded 5% included:

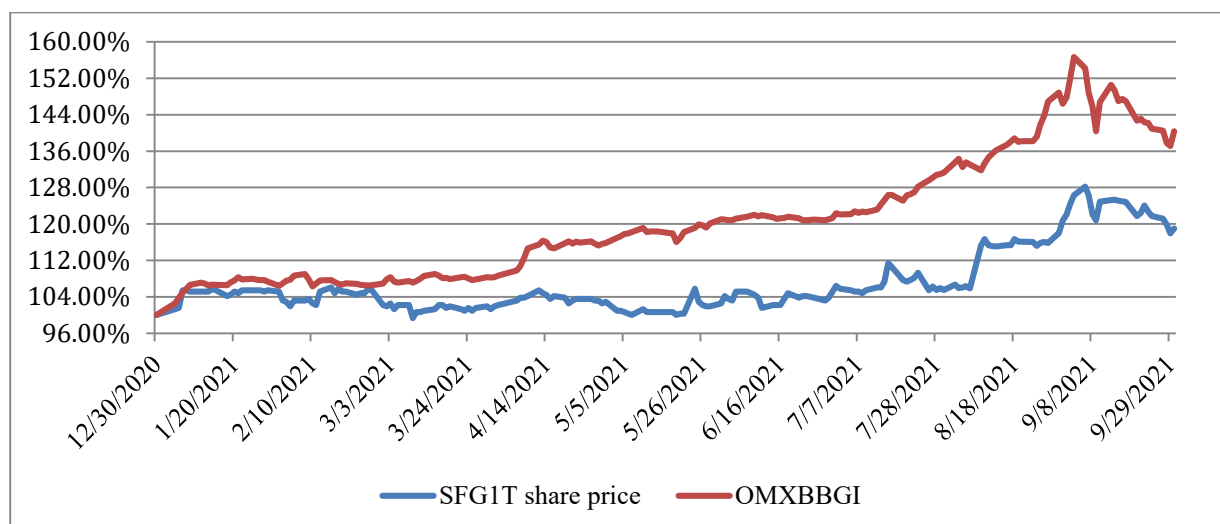
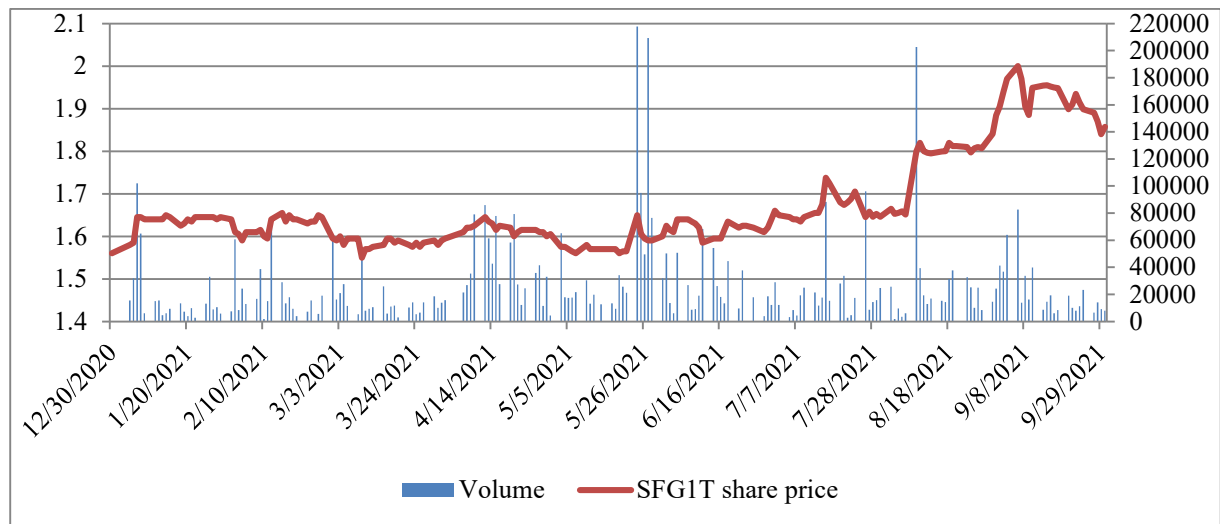
Name	Number of shares	Shareholding
Major shareholders	18 881 454	52.45%
BALTPLAST AS	9 049 804	25.14%
AS SEB PANK CLIENTS	8 000 000	22.22%
Clearstream Banking AG	1 831 650	5.09%
Other shareholders	17 118 546	47.55%
Total number of shares	36 000 000	100.00%

As of 31 December 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%

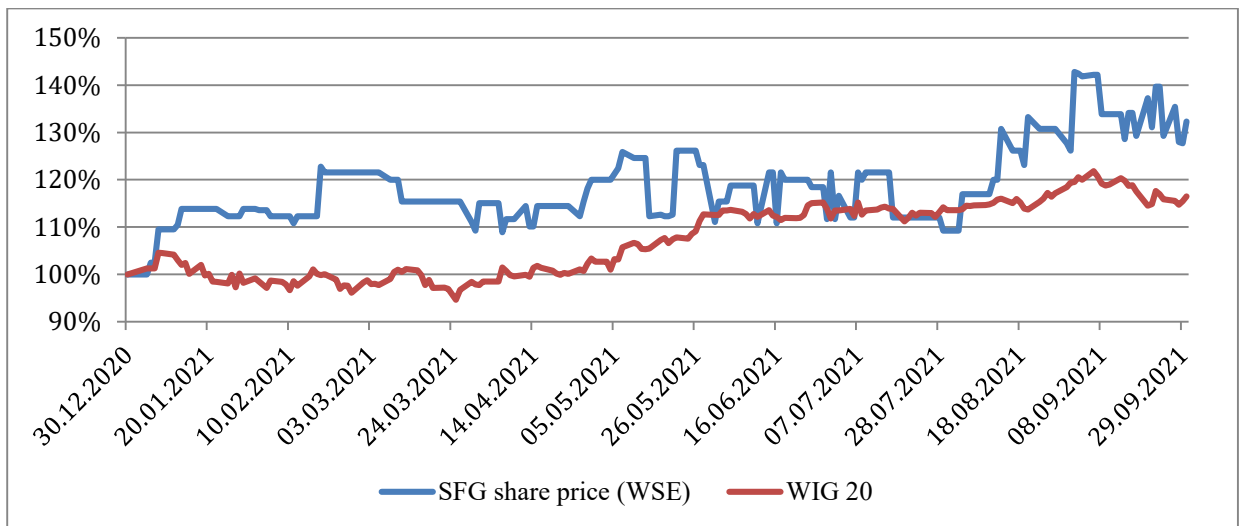
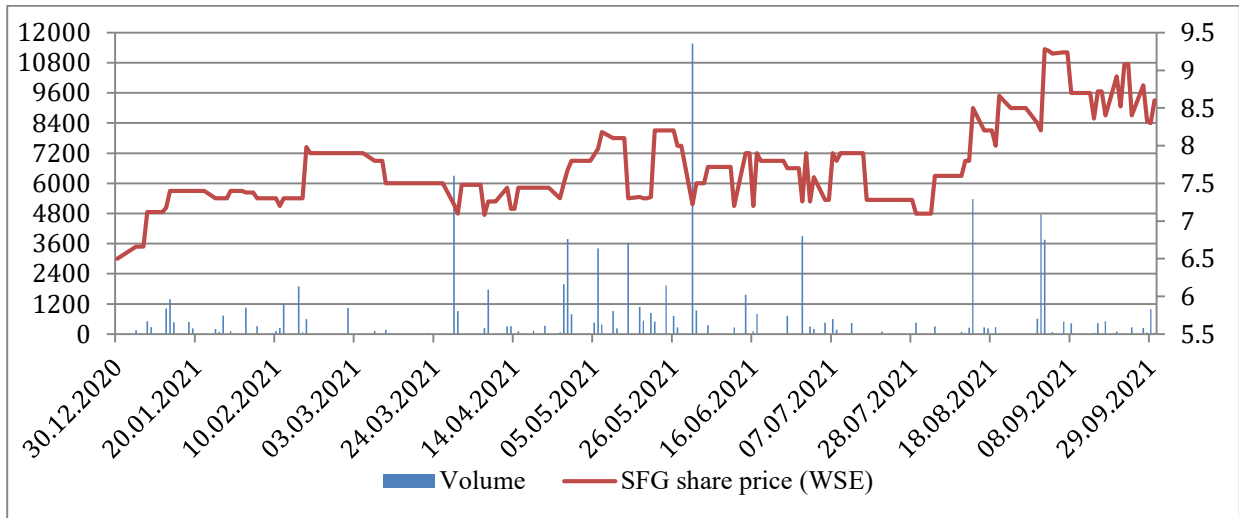
Share price development and turnover on the Tallinn Stock Exchange during 9 months of 2021 (EUR)

During 9 months of 2021 the highest and lowest prices of the AS Silvano Fashion Group` share on the Tallinn Stock Exchange were 2.09 EUR and 1.55 EUR, respectively



Share price development on the Warsaw Stock Exchange during 9 months of 2021 (PLN)

During 9 months of 2021, the highest and lowest prices of the AS Silvano Fashion Group' share on the Warsaw Stock Exchange were 9.28 PLN and 6.66 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 2021 (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 Sārgava
Member of the Management Board
November 03, 2021

Consolidated Statement of Financial Position

in thousands of EUR	Note	30.09.2021	31.12.2020
		Unaudited	Audited
ASSETS			
Current assets			
Cash and cash equivalents	2	18 097	8 980
Current loans granted		2	2
Trade and other receivables	3	2 040	2 088
Inventories	4	19 758	18 527
Total current assets		39 897	29 597
Non-current assets			
Long-term receivables		256	249
Investments in associates		67	57
Investments in other shares		258	238
Deferred tax asset		1 077	1 032
Intangible assets		509	374
Investment property		1 079	1 018
Property, plant and equipment	5	9 534	9 691
Total non-current assets		12 780	12 659
TOTAL ASSETS		52 677	42 256
LIABILITIES AND EQUITY			
Current liabilities			
Short-term borrowings		0	400
Short-term lease liabilities		592	2 121
Trade and other payables	6	5 624	5 583
Tax liabilities		1 515	675
Total current liabilities		7 731	8 779
Non-current liabilities			
Deferred tax liability		605	500
Long-term borrowings		0	400
Long-term lease liabilities		5 979	4 707
Long-term provisions		57	52
Total non-current liabilities		6 641	5 659
Total liabilities		14 372	14 438
Equity			
Share capital	7	3 600	3 600
Share premium		4 967	4 967
Statutory reserve capital		1 306	1 306
Revaluation reserve		0	355
Unrealised exchange rate differences		-18 429	-18 864
Retained earnings		43 057	33 140
Total equity attributable to equity holders of the Parent company		34 501	24 504
Non-controlling interest		3 804	3 314
Total equity		38 305	27 818
TOTAL EQUITY AND LIABILITIES		52 677	42 256

Consolidated Income Statement

in thousands of EUR	Note	3Q 2021	3Q 2020	09m 2021	09m 2020
		Unaudited	Unaudited	Unaudited	Unaudited
Revenue from contracts with customers	9	13 666	12 028	36 891	29 759
Cost of goods sold		-6 232	-4 506	-15 796	-11 662
Gross Profit		7 434	7 522	21 095	18 097
Distribution expenses		-2 249	-2 161	-6 453	-6 608
Administrative expenses		-875	-935	-2 663	-2 868
Other operating income		247	94	813	223
Other operating expenses		-173	-133	-467	-474
Operating profit		4 384	4 387	12 325	8 370
Currency exchange income/(expense)		347	-3 830	1 407	-6 386
Other finance income/(expenses)		-100	-111	-316	-345
Net finance income		247	-3 941	1 091	-6 731
Profit (loss) from associates using equity method		7	-3	6	-3
Profit before tax		4 638	443	13 422	1 636
Income tax expense		-816	-115	-2 904	-438
Profit for the period		3 822	328	10 518	1 198
Attributable to :					
Equity holders of the Parent company		3 531	255	9 562	1 000
Non-controlling interest		291	73	956	198
Earnings per share from profit attributable to equity holders of the Parent company, both basic and diluted (EUR)	8	0,10	0,01	0,27	0,03

Consolidated Statement of Comprehensive Income

in thousands of EUR	Note	3Q 2021	3Q 2020	09m 2021	09m 2020
		Unaudited	Unaudited	Unaudited	Unaudited
Profit for the period		3 822	328	10 518	1 198
Other comprehensive income (loss) that will be reclassified to profit or loss in subsequent periods :					
Exchange differences on translation of foreign operations		439	-690	708	-2 749
Total other comprehensive income for the period		439	-690	708	-2 749
Total comprehensive income (loss) for the period		4 261	-362	11 226	-1 551
Attributable to :					
Equity holders of the Parent company		4 004	-486	9 997	-2 138
Non-controlling interest		257	124	1 229	587

Consolidated Statement of Cash Flows

in thousands of EUR	Note	09m 2021	09m 2020
		Unaudited	Unaudited
Cash flow from operating activities			
Profit for the period		10 518	1 198
Adjustments for:			
Depreciation and amortization of non-current assets		2 419	2 672
Share of profit of equity accounted investees		-6	3
Gains/Losses on the sale of property, plant and equipment		11	3
Net finance income / costs		-395	1 941
Provision for impairment losses on trade receivables		1	0
Provision for inventories		5	2
Receipt of government grants		550	0
Movements in provisions and government grants		-550	0
Income tax expense		2 904	438
Change in inventories		-1 231	2 991
Change in trade and other receivables		32	769
Change in trade and other payables		330	-2 255
Interest paid		-2	0
Income tax paid		-1 676	-1 142
Net cash flow from operating activities		12 910	6 620
Cash flow from investing activities			
Interest received		14	10
Proceeds from disposal of property, plant and equipment		60	34
Acquisition of property, plant and equipment		-177	-191
Acquisition of intangible assets		-121	-83
Net cash flow from investing activities		-224	-230
Cash flow from financing activities			
Acquisition of non-controlling interests		0	-26
Proceeds from borrowings		0	400
Repayment of borrowings		-800	0
Payment of principal portion of lease liabilities		-1 761	-1 619
Interest paid on lease liabilities		-326	-367
Dividends paid		-739	-424
Net cash flow from financing activities		-3 626	-2 036
Net increase in cash and cash equivalents		9 060	4 354
Cash and cash equivalents at the beginning of period		8 980	5 152
Effect of exchange rate fluctuations on cash held		57	350
Cash and cash equivalents at the end of period		18 097	9 856

Consolidated Statement of Changes in Equity

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 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 (Unaudited)	3 600	4 967	1 306	355	-18 835	32 793	24 186	3 590	27 776
Balance as at 31 December 2020	3 600	4 967	1 306	355	-18 864	33 140	24 504	3 314	27 818
Profit for the period	0	0	0	0	0	9 562	9 562	956	10 518
Other comprehensive income for the period	0	0	0	0	435	0	435	273	708
Transfer of revaluation reserve	0	0	0	-355	0	355	0	0	0
Total comprehensive income for the period	0	0	0	-355	435	9 917	9 997	1 229	11 226
Transactions with owners, recognised directly in equity									
Dividends declared	0	0	0	0	0	0	0	-739	-739
Total transactions with owners, recognised directly in equity	0	0	0	0	0	0	0	-739	-739
Balance as at 30 September 2021 (Unaudited)	3 600	4 967	1 306	0	-18 429	43 057	34 501	3 804	38 305

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 2021 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 2021 ended on 30 September 2021 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 2020, 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 2020 there are no new IFRSs or IFRIC interpretations that are effective for the financial year beginning on or after 1 January 2021 and that would be expected to have a material impact on the Group.

Note 2 Cash and cash equivalents

in thousands of EUR	30.09.21	31.12.20
Cash on hand	36	66
Current bank accounts in EUR	17 403	8 302
Current bank accounts in other currencies than EUR	315	208
Short-term bank deposits in all currencies	277	211
Short-term guarantee deposits	13	20
Cash in transit	53	173
Total	18 097	8 980

Note 3 Trade and other receivables

in thousands of EUR	30.09.21	31.12.20
Trade receivables from third parties	1 177	1 079
Trade receivables from related parties	0	0
Impairment of receivables	-59	-57
Tax prepayments	415	471
Other receivables	507	595
Total	2 040	2 088

The fair values of trade and other receivables are not materially different from the carrying values based on the expected discounted cash flows.

Note 4 Inventories

in thousands of EUR	30.09.21	31.12.20
Raw and other materials	3 532	3 691
Work in progress	860	954
Finished goods	13 896	13 065
Other inventories	1 470	817
Total	19 758	18 527

Note 5 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
31.12.2019						
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	4 353	9 125	14	31 973
Accumulated depreciation	-2 187	-11 932	-3 705	-3 554	0	-21 377
Net book amount	2 252	2 111	648	5 571	14	10 596
31.12.2020						
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
Net book amount	1 777	1 945	600	5 335	34	9 691
Movements during 09m 2021						
Additions	0	15	88	1 350	74	1 527
Disposals	0	0	-49	0	0	-49
Reclassifications	0	2	60	0	-62	0
Depreciation	-80	-405	-224	-1 690	0	-2 399
Unrealised exchange rate differences	157	154	51	399	3	764
Closing net book amount	1 854	1 711	526	5 394	49	9 534
30.09.2021						
Cost	4 009	14 749	4 612	11 438	49	34 857
Accumulated depreciation	-2 155	-13 038	-4 086	-6 044	0	-25 323
Net book amount	1 854	1 711	526	5 394	49	9 534

The Group didn't have any significant binding commitments to purchase property plant and equipment as of 30 September 2021.

Note 6 Trade and other payables

in thousands of EUR	30.09.21	31.12.20
Trade payables	3 993	4 086
Accrued expenses	361	405
Provisions	42	37
Other payables	1 228	1 055
Total	5 624	5 583

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

Note 7 Equity

Shares

As of 30 September 2021 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 2020, 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 2021 AS Silvano Fashion Group had 3 159 shareholders (as of 31 December 2020: 2 931 shareholders).

Note 8 Earnings per share

The calculation of basic earnings per share for 9 months of 2021 (9 months of 2020) is based on profit attributable to owners and a weighted average number of ordinary shares.

in thousands of shares	09m 2021	09m 2020
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 2021	09m 2020
Profit for the period attributable to equity holders of the Parent company	9 562	1 000
Basic earnings per share (EUR)	0.27	0.03
Diluted earnings per share (EUR)	0.27	0.03

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 9 Revenue from contracts with customers

in thousands of EUR	09m 2021	09m 2020
Revenue from wholesale	24 656	18 990
Revenue from retail	12 157	10 680
Subcontracting and services	66	78
Other sales	12	11
Total	36 891	29 759

Note 10 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 2021	09m 2020
Associates	507	89
Total	507	89

Balances with related parties

in thousands of EUR	30.09.2021	31.12.2020
Trade receivables from associates	0	0
Total	0	0

Benefits to key management of the group

in thousands of EUR	09m 2021	09m 2020
Remunerations and benefits	443	556
Total	443	556

Note 11 Operating segments

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

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

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

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

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

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

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

Operating segments <i>in thousands of EUR</i>	09m 2021 and as of 30.09.2021					
	Lingerie retail	Lingerie wholesale	Total segments	Unallocated	Eliminations	Total
Revenue from external customers	12 157	24 656	36 813	78		36 891
Intersegment revenues	0	20 865	20 865	1 919	-22 784	0
EBITDA	5 806	8 521	14 327	417		14 744
Amortization and depreciation	-1 563	-440	-2 003	-416		-2 419
Operating income, EBIT	4 243	8 081	12 324	1	0	12 325
Profit from associates using equity method	0	6	6	0		6
Net financial income	122	-191	-69	1 160		1 091
Income tax	-562	-1 592	-2 154	-750		-2 904
Net profit	3 803	6 304	10 107	411	0	10 518
Investments in associates	0	67	67	0		67
Other operating segments assets	4 514	28 426	32 940	19 670		52 610
Reportable segments liabilities	1 436	9 206	10 642	3 730		14 372
Capital expenditures	1 381	265	1 646	2		1 648
Number of employees as of reporting date	490	1 029	1 519	114		1 633
Operating segments <i>in thousands of EUR</i>	09m 2020 and as of 30.09.2020					
	Lingerie retail	Lingerie wholesale	Total segments	Unallocated	Eliminations	Total
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

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 2021	Revenue 09m 2020	Non-current assets 30.09.2021	Non-current assets 31.12.2020
Russia	21 905	16 900	2 185	1 968
Belarus	8 795	8 757	10 263	10 341
Ukraine	1 307	857	0	1
Baltics	959	864	307	324
Other countries	3 925	2 381	25	25
Total	36 891	29 759	12 780	12 659

Note 12 Subsequent events

Effect of the coronavirus

The Latvian government on October 18 announced plans for an almost month-long 'lockdown' or 'home-sitting' period in an effort to turn around the current grave epidemiological situation with regard to Covid-19. The restrictions apply in Latvia from 21 October to 15 November. During this period, the Group's stores in Latvia are closed.

On October 28, most regions of Russia introduced 'Recommended Restrictive Measures' due to the situation with coronavirus. In an effort to slow the spread of the disease, the government approved a weeklong paid holiday from October 30 to November 7. During this period, the Group's stores in Russia are closed.

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