



AS Silvano Fashion Group

Consolidated Interim Financial Report for Q1 of 2020 (unaudited)

(translation of the Estonian original) *

Beginning of the reporting period	1 January 2020
End of the reporting period	31 March 2020
Business name	AS Silvano Fashion Group
Registration number	10175491
Legal address	Tulika 17, 10613 Tallinn
Telephone	+372 684 5000
Fax	+372 684 5300
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 31 March 2020 the Group employed 1 856 people (as of 31 December 2019: 1 888 people).

The Group comprises of the following entities:

Parent company	Location	Main activity	Ownership interest	Ownership interest
			31.03.2020	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 to 11 546 thousand EUR during the Q1 of 2020, representing a 16.5% decrease as compared to the same period for the previous year. The Group's gross profit during the Q1 of 2020 amounted to 7 146 thousand EUR and increased by 10.7% compared to Q1 of 2019. The Gross margin during the Q1 of 2020 increased to 61.9% from 46.7% as compared to Q1 of 2019.

Consolidated operating profit for Q1 of 2020 increased by 35.7% to 3 152 thousand EUR, compared to 2 322 thousand EUR in Q1 of 2019. Consolidated EBITDA for Q1 of 2020 increased by 34.5% and was 4 248 thousand EUR, compared to 3 158 thousand EUR in Q1 of 2019.

Reported consolidated net loss for Q1 of 2020 amounted to -1 440 thousand EUR, as compared to net profit of 3 080 thousand EUR in the prior year's same period. The net loss to shareholders of the Parent company stood at -1 406 thousand Euros in Q1 2020 compared to net profit of 3 098 thousand EUR in Q1, 2019.

Russia Economic Outlook

The economy will have been hammered at the end of Q1 2020, after growth accelerated in Q4 2019. Although monthly economic activity indicators and industrial production data point to sustained growth momentum in January-February, the fast-spreading global Covid-19 pandemic likely brought a sharp economic downturn in March amid severely hampered external and domestic activity. Crashing global oil prices due to an ongoing price war with Saudi Arabia and feeble global demand likely depressed exports and sent the RUB plunging. Meanwhile, intensifying lockdown measures and a collapsing RUB likely dented domestic demand as confidence faltered.

Economic prospects darkened further going into Q2, as the government announced the extension of the nationwide paid holiday. Meanwhile, the government has thus far allocated RUB 1.4 trillion, equivalent to 1.2% of GDP, to support the economy through the downturn.

FocusEconomics panelists see GDP shrinking 1.4% this year, which is down 3.2 percentage points from last month forecast. In 2021, the economy should grow 2.3%.

The Group's sales on the Russian market totalled 6 887 thousand EUR, decrease is 20.7% compared to Q1 of 2019. Local currency sales decreased by 21.4% during Q1 of 2020 compared to the same Q1 of 2019. At the end of the reporting period, there were a total of 43 stores operated by the Group itself.

Belarus Economic Outlook

The economy appears to be on the verge of contraction in Q1 2020, after only just accelerating in Q4 2019. Economic activity shrank for the first time in nearly three years in January-February as industrial production plunged. Furthermore, merchandise exports dived at the sharpest rate in nearly four years in January amid a rapidly deteriorating external backdrop. Metrics likely worsened in March as the Covid-19 outbreak took an increasingly severe toll on the global economy. Although the government has thus far resisted pressure to impose lockdown measures likely to protect the fragile domestic economy the external sector appears to have suffered dramatically from the global economic downturn.

The economy is expected to contract this year as the Covid-19 pandemic will severely hurt exports amid evaporating external demand. Moreover, the fallout seems set to hit the domestic economy, depressing household spending and investment activity in the face of a depreciating Belarusian ruble and plummeting confidence. The IMF financial support could soften the downturn, however. FocusEconomics analysts forecast a contraction of 2.0% in 2020, which is down 3.4 percentage points from last month estimate. In 2021, the economy is expected to rebound and grow 2.0%.

The Group's sales in Belarus in the Q1 of 2020 were 3 428 thousand EUR and decreased by 0.3% compared to the Q1 of 2019. Sales in local currency increased by 0.2% during the same period. There are currently a total of 61 stores operated by the Group itself.

Ukraine Economic Outlook

Economic activity likely deteriorated in the first quarter of the year, on the heels of a marked slowdown in the last quarter of 2019, as Covid-19 takes its toll on the fragile economy. The outbreak will have significantly depressed capital spending as companies postpone investment plans, while lockdown measures, downbeat sentiment and a likely fall in remittances weigh on private consumption. Amid this backdrop, industrial output seemingly fell for the sixth consecutive month in March, while exports likely nosedived on disrupted supply chains and muted external demand.

The economy is seen contracting this year hampered by the fallout from Covid-19 crisis. FocusEconomics panelists see GDP falling 3.2% in 2020, which is down 6.4 percentage points from last month forecast. In 2021, they see it expanding 4.

The Group's sales in Ukraine in the Q1 of 2020 were 239 thousand EUR and decreased by 55.2% compared to the Q1 of 2019. Sales in local currency decreased by 56.9% during the same period.

Sales structure

Sales by markets

Group sales in its 3 major markets – Russia, Belarus and Ukraine – were 91.4% of its total sales. Measured in local currencies sales decrease was accordingly – -21.4% in Russia and -56.9% in Ukraine. In Belarus sales in local currency increased by 0.2%

	Q1 2020	Q1 2019	Change	Change, %
Russia, th RUB	508 102	646 761	-138 659	-21.4%
Belarus, th BYN	8 446	8 431	15	0.2%
Ukraine, th UAH	6 603	15 306	-8 703	-56.9%

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

in thousands of EUR	Q1 2020	Q1 2019	Change, EUR	Change, %	Q1 2020, % of sales	Q1 2019, % of sales
Russia	6 887	8 684	-1 797	-20.7%	59.6%	62.8%
Belarus	3 428	3 438	-10	-0.3%	29.7%	24.9%
Ukraine	239	533	-294	-55.2%	2.1%	3.9%
Baltics	220	258	-38	-14.7%	1.9%	1.9%
Other markets	772	907	-135	-14.9%	6.7%	6.5%
Total	11 546	13 820	-2 274	-16.5%	100.0%	100.0%

The majority of lingerie sales revenue during Q1 of 2020 in the amount 6 887 thousand EUR was generated in Russia, accounting for 59.6% of total sales. The second largest market was Belarus, where sales were 3 428 thousand EUR, contributing 29.7% of lingerie sales (both retail and wholesale). Volumes in Ukraine were 239 thousand EUR, accounting for 2.1% of total sales.

Sales by business segments

in thousands of EUR	Q1 2020	Q1 2019	Change, EUR	Change, %	Q1 2020, % of sales	Q1 2019, % of sales
Wholesale	7 427	9 553	-2 126	-22.3%	64.3%	69.1%
Retail	4 088	4 255	-167	-3.9%	35.4%	30.8%
Other operations	31	12	19	158.3%	0.3%	0.1%
Total	11 546	13 820	-2 274	-16.5%	100.0%	100.0%

During Q1 of 2020 wholesale revenue amounted to 7 427 thousand EUR, representing 64.3% of the Group's total revenue (Q1 of 2019: 69.1%). The main wholesale regions were Russia, Belarus and Ukraine.

Our retail revenue decreased by 3.9% and amounted to 4 088 thousand EUR, this represents 35.4% of the Group's total revenue.

Own & franchise store locations, geography

	Own	Franchise	Total
Russia	43	355	398
Ukraine	0	72	72
Belarus	61	0	61
Baltics	5	22	27
Other regions	0	104	104
Total	109	553	662

At the end of the reporting period the Group and its franchising partners operated 625 Milavitsa and 37 Lauma Lingerie brand stores, including 109 stores operated directly by the Group.

Selected Financial Indicators

Summarized selected financial indicators of the Group for Q1 of 2020 compared to Q1 of 2019 and 31.03.2020 compared to 31.12.2019 were as follows:

in thousands of EUR	03m 2020	03m 2019	Change
Revenue	11 546	13 820	-16.5%
Gross Profit	7 146	6 455	10.7%
Operating profit	3 152	2 322	35.7%
EBITDA	4 248	3 158	34.5%
Net profit (loss) for the period	-1 440	3 080	-146.8%
Net profit (loss) attributable equity holders of the Parent company	-1 406	3 098	-145.4%
Earnings per share (EUR)	-0.04	0.09	-144.4%
Operating cash flow for the period	1 876	3 242	-42.1%

in thousands of EUR	31.03.2020	31.12.2019	Change
Total assets	41 682	46 309	-10.0%
Total current assets	25 866	27 123	-4.6%
Total equity attributable to equity holders of the Parent company	22 341	26 324	-15.1%
Cash and cash equivalents	6 350	5 152	23.3%

Margin analysis, %	03m 2020	03m 2019	Change
Gross profit	61.9	46.7	32.5%
Operating profit	27.3	16.8	62.5%
EBITDA	36.8	22.9	60.7%
Net profit (loss)	-12.5	22.3	-156.0%
Net profit (loss) attributable to equity holders of the Parent company	-12.2	22.4	-154.5%

Financial ratios, %	31.03.2020	31.12.2019	Change
ROA	13.5	22.2	-39.2%
ROE	24.2	38.9	-37.8%
Price to earnings ratio (P/E)	8.2	7.3	12.3%
Current ratio	2.6	2.7	-3.7%
Quick ratio	0.9	0.8	12.5%

Underlying formulas:

EBITDA = net profit for the period + depreciation and amortisation + net financial income + income tax expense + gain on net monetary position

Gross profit margin = gross profit / revenue

EBITDA margin = EBITDA / revenue

Net profit margin = net profit / revenue

Net profit margin attributable to equity holders of the Parent company = net profit attributable to equity holders of the Parent company / revenue

ROA (return on assets) = net profit attributable to owners of the Company for the last 4 quarters/ average total assets

ROE (return on equity) = net profit attributable to owners of the Company for the last 4 quarters/ average equity attributable to equity holders of the Company

EPS (earnings per share) = net profit attributable to owners of the Company/ weighted average number of ordinary shares

Price to earnings ratio = Share price at the end of reporting period/earnings per share, calculated based on the net profit attributable to owners of the Company for the last 4 quarters

Current ratio = current assets / current liabilities

Quick ratio = (current assets – inventories) / current liabilities

Financial performance

The Group's sales amounted to 11 546 thousand EUR during Q1 of 2020, representing a 16.5% decrease as compared to the same period of previous year. Overall, wholesales decreased by 22.3%, measured in EUR.

The Group's gross profit during Q1 of 2020 amounted to 7 146 thousand EUR and increase by 10.7% compared to previous year. The gross margin during Q1 of 2020 increased to 61.9%, from 46.7% in the respective period of previous year. The cost of sold goods decreased by 40.3%.

Consolidated operating profit for Q1 of 2020 amounted to 3 152 thousand EUR, compared to 2 322 thousand EUR in Q1 of 2019, increase by 35.7%. The consolidated operating profit margin was 27.3% for Q1 of 2020 (16.8% in Q1 of 2019). Consolidated EBITDA for Q1 of 2020 increased by 34.5% and amounted to 4 248 thousand EUR, which is 36.8% in margin terms (3 158 thousand EUR and 22.9% for Q1 of 2019).

Reported consolidated net loss attributable to equity holders of the Parent company for Q1 of 2020 amounted to -1 406 thousand EUR, compared to net profit of 3 098 thousand EUR in Q1 of 2019, net profit (loss) margin attributable to equity holders of the Parent company for Q1 of 2020 was -12.2% against 22.4% in Q1 of 2019.

Financial position

As of 31 March 2020 consolidated assets amounted to 41 682 thousand EUR representing decrease by 10.0% as compared to the position as of 31 December 2019.

Trade and other receivables decreased by 318 thousand EUR as compared to 31 December 2019 and amounted to 2 292 thousand EUR as of 31 March 2020. Inventory balance decreased by 2 137 thousand EUR and amounted to 17 222 thousand EUR as of 31 March 2020.

Equity attributable to equity holders of the Parent company decreased by 3 983 thousand EUR and amounted to 22 341 thousand EUR as of 31 March 2020. Current liabilities decreased by 275 thousand EUR during Q1 of 2020.

Investments

During Q1 of 2020 the Group's investments into property, plant and equipment totalled 96 thousand EUR, in previous year same period 562 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 March 2020, the Group employed 1 856 employees, including 506 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 Q1 of 2020 amounted to 3 145 thousand EUR (3 350 thousand EUR in Q1 of 2019). The remuneration of key management of the Group, including the key executives of all subsidiaries, totalled 210 thousand EUR.

Shares of AS Silvano Fashion Group

As of 31 March 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 March 2020 AS Silvano Fashion Group had 2 405 shareholders (as of 31 December 2019: 2 231 shareholders).

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

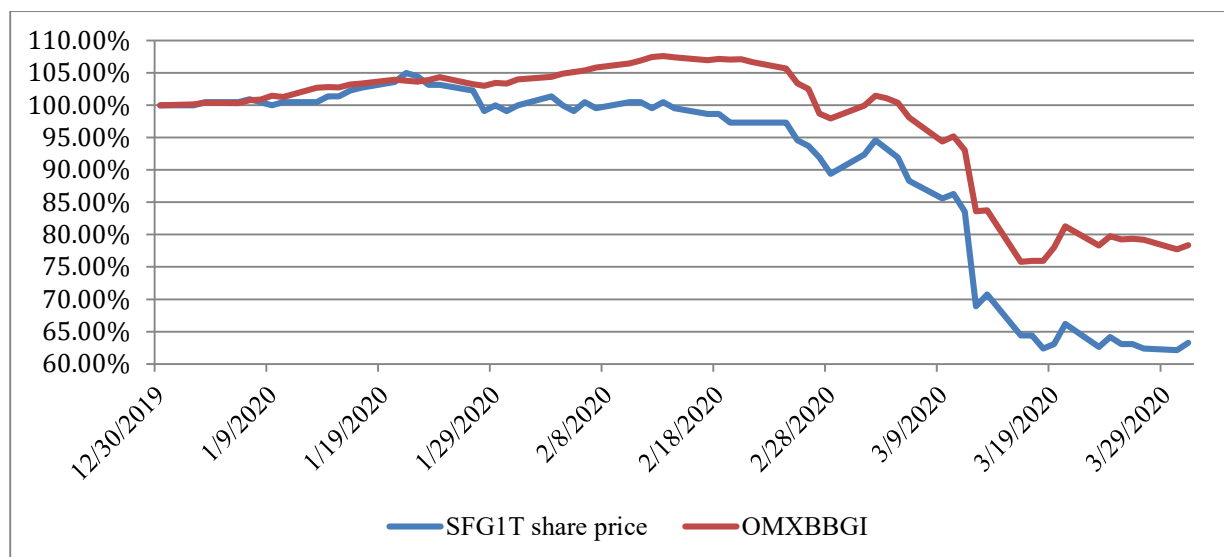
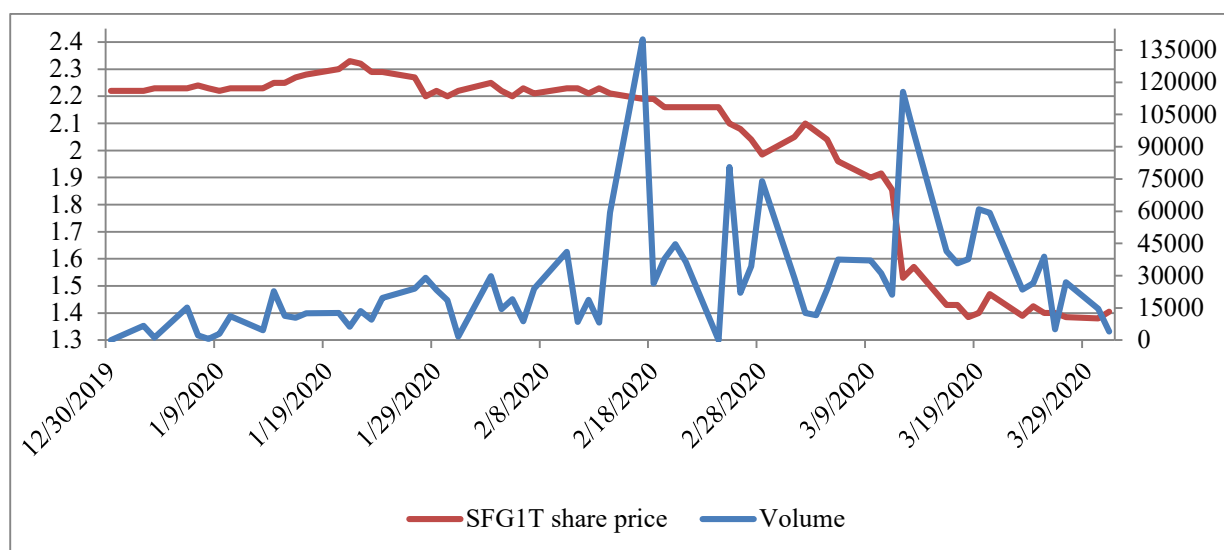
Name	Number of shares	Shareholding
Major shareholders	16 820 000	46.72%
BALTPLAST AS	8 820 000	24.50%
AS SEB PANK CLIENTS	8 000 000	22.22%
Other shareholders	19 180 000	53.28%
Total number of shares	36 000 000	100.00%

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%

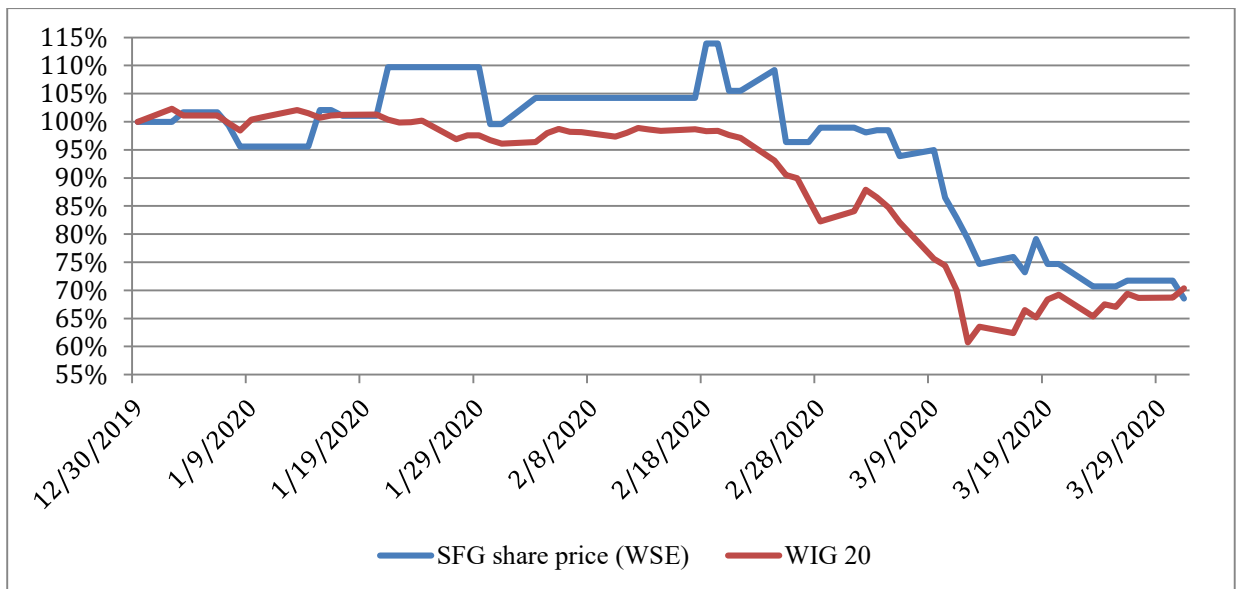
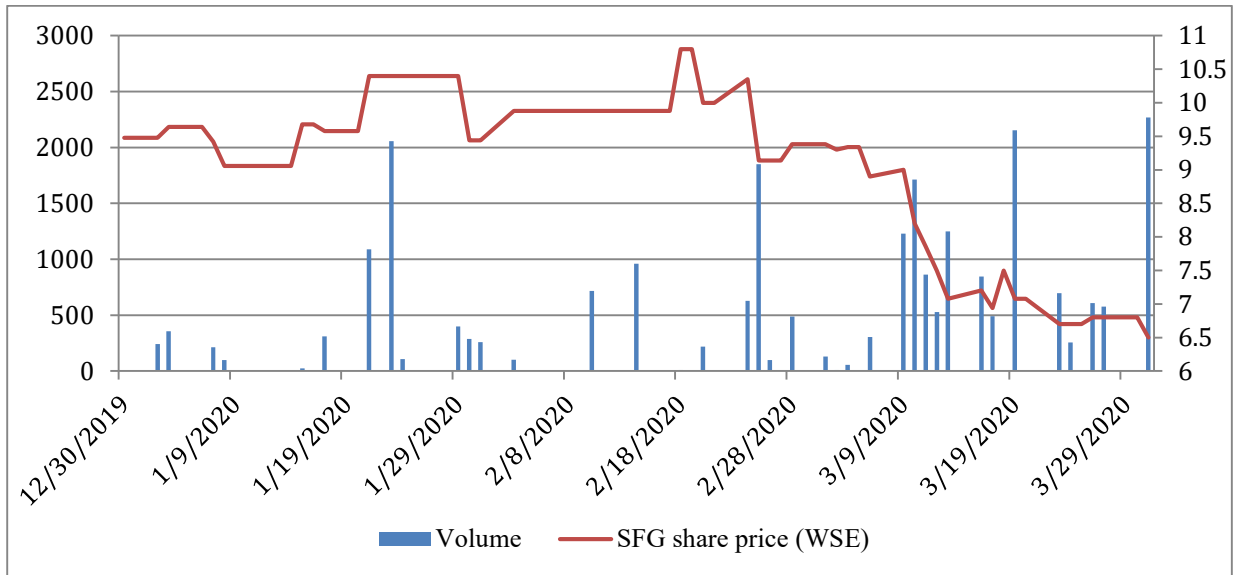
Share price development and turnover on the Tallinn Stock Exchange during Q1 of 2020 (EUR)

During Q1 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 Q1 of 2020 (PLN)

During Q1 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 Q1 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
May 22, 2020

Consolidated Statement of Financial Position

in thousands of EUR	Note	31.03.2020	31.12.2019
ASSETS			
Current assets			
Cash and cash equivalents		6 350	5 152
Current loans granted		2	2
Trade and other receivables	2	2 292	2 610
Inventories	3	17 222	19 359
Total current assets		25 866	27 123
Non-current assets			
Long-term receivables		265	334
Investments in associates		63	82
Available-for-sale investments		262	321
Deferred tax asset		1 589	905
Intangible assets		374	423
Investment property		705	869
Property, plant and equipment	4	12 558	16 252
Total non-current assets		15 816	19 186
TOTAL ASSETS		41 682	46 309
LIABILITIES AND EQUITY			
Current liabilities			
Short-term finance lease obligations		1 614	2 362
Trade and other payables	5	6 909	6 899
Tax liabilities		1 352	889
Total current liabilities		9 875	10 150
Non-current liabilities			
Deferred tax liability		0	14
Long-term finance lease obligations		6 116	6 333
Long-term provisions		50	61
Total non-current liabilities		6 166	6 408
Total liabilities		16 041	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		-18 274	-15 697
Retained earnings		30 387	31 793
Total equity attributable to equity holders of the Parent company		22 341	26 324
Non-controlling interest		3 300	3 427
Total equity		25 641	29 751
TOTAL EQUITY AND LIABILITIES		41 682	46 309

Consolidated Income Statement

in thousands of EUR	Note	1Q 2020	1Q 2019
Revenue	8	11 546	13 820
Cost of goods sold		-4 400	-7 365
Gross Profit		7 146	6 455
Distribution expenses		-2 734	-2 905
Administrative expenses		-1 122	-1 092
Other operating income		59	66
Other operating expenses		-197	-202
Operating profit		3 152	2 322
Currency exchange income/(expense)		-4 730	2 031
Other finance income/(expenses)		-125	-110
Net financial income (loss)		-4 855	1 921
Profit (loss) from associates using equity method		0	1
Profit (loss) before tax		-1 703	4 244
Income tax expense		263	-1 164
Profit (loss) for the period		-1 440	3 080
Attributable to :			
Equity holders of the Parent company		-1 406	3 098
Non-controlling interest		-34	-18
Earnings per share from profit attributable to equity holders of the Parent company, both basic and diluted (EUR)	7	-0,04	0,09

Consolidated Statement of Comprehensive Income

in thousands of EUR	Note	1Q 2020	1Q 2019
Profit (loss) for the period		-1 440	3 080
Other comprehensive income (loss) that will be reclassified to profit or loss in subsequent periods		-2 225	-171
Attributable to :			
Equity holders of the Parent company		-2 577	-283
Non-controlling interest		352	112
Total comprehensive income (loss) for the period		-3 665	2 909
Attributable to :			
Equity holders of the Parent company		-3 983	2 815
Non-controlling interest		318	94

Consolidated Statement of Cash Flows

in thousands of EUR	03m 2020	03m 2019
Cash flow from operating activities		
Profit (loss) for the period	-1 440	3 080
Adjustments for:		
Depreciation and amortization of non-current assets	1 096	836
Share of profit of equity accounted investees	0	-1
(Gains)/ losses on the sale of property, plant and equipment	2	11
Net finance income / costs	305	-1 921
Provision for inventories	1	0
Provision for long-term benefits	0	2
Income tax expense	-263	1 164
Change in inventories	2 137	-1 298
Change in trade and other receivables	243	-1 484
Change in trade and other payables	-86	1 635
Change in finance lease obligations	0	1 377
Income tax paid	-119	-159
Net cash from operating activities	1 876	3 242
 Cash flow from investing activities		
Interest received	5	3
Proceeds from disposal of property, plant and equipment	28	36
Proceeds from repayments of loans granted	0	6
Acquisition of property, plant and equipment	-96	-562
Acquisition of intangible assets	-50	-75
Acquisition of shares of a subsidiary	-26	0
Net cash used in/from investing activities	-139	-592
 Cash flow from financing activities		
Repayment of finance lease	-682	-657
Interest paid on finance lease	-136	0
Reduction of share capital	0	-7 200
Net cash used in/ from financing activities	-818	-7 857
 Increase in cash and cash equivalents	919	-5 207
Cash and cash equivalents at the beginning of period	5 152	13 603
Effect of exchange rate fluctuations on cash held	279	-46
Cash and cash equivalents at the end of period	6 350	8 350

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	3 098	3 098	-18	3 080
Other comprehensive income (loss) for the period	0	0	0	0	-283	0	-283	112	-171
Total comprehensive income (loss) for the period	0	0	0	0	-283	3 098	2 815	94	2 909
Transactions with owners, recognised directly in equity									
Dividends declared	0	0	0	0	0	0	0	-311	-311
Total transactions with owners, recognised directly in equity	0	0	0	0	0	0	0	-311	-311
Balance as at 31 March 2019	3 600	8 567	1 306	355	-14 979	31 428	30 277	2 932	33 209
Balance as at 31 December 2019	3 600	4 967	1 306	355	-15 697	31 793	26 324	3 427	29 751
Profit (loss) for the period	0	0	0	0	0	-1 406	-1 406	-34	-1 440
Other comprehensive income (loss) for the period	0	0	0	0	-2 577	0	-2 577	352	-2 225
Total comprehensive income (loss) for the period	0	0	0	0	-2 577	-1 406	-3 983	318	-3 665
Transactions with owners, recognised directly in equity									
Dividends declared	0	0	0	0	0	0	0	-445	-445
Total transactions with owners, recognised directly in equity	0	0	0	0	0	0	0	-445	-445
Balance as at 31 March 2020	3 600	4 967	1 306	355	-18 274	30 387	22 341	3 300	25 641

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 March 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 Q1 of 2020 ended on 31 March 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	31.03.20	31.12.19
Trade receivables from third parties	1 404	1 023
Trade receivables from related parties	0	0
Impairment of receivables	-52	-61
Tax prepayments	426	645
Other receivables	514	1 003
Total	2 292	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	31.03.20	31.12.19
Raw and other materials	3 905	4 717
Work in progress	804	980
Finished goods	12 050	12 985
Other inventories	463	677
Total	17 222	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 03m 2019						
Additions	0	0	159	8 378	403	8 940
Disposals	0	-25	-22	0	0	-47
Reclassifications	0	32	38	0	-70	0
Depreciation	-29	-175	-123	-486	0	-813
Unrealised exchange rate differences	52	17	23	176	12	280
Closing net book amount	3 045	3 117	1 162	8 068	362	15 754
31.03.2019						
Cost	5 646	17 059	5 005	8 565	362	36 637
Accumulated depreciation	-2 601	-13 942	-3 843	-497	0	-20 883
Net book amount	3 045	3 117	1 162	8 068	362	15 754
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 03m 2020						
Additions	0	0	17	160	79	256
Disposals	0	0	-30	0	0	-30
Reclassifications	0	49	37	0	-86	0
Depreciation	-32	-234	-313	-499	0	-1 078
Unrealised exchange rate differences	-513	-547	-95	-1 676	-11	-2 842
Closing net book amount	2 507	2 479	799	6 728	45	12 558
31.03.2020						
Cost	4 744	14 911	4 491	9 532	45	33 723
Accumulated depreciation	-2 237	-12 432	-3 692	-2 804	0	-21 165
Net book amount	2 507	2 479	799	6 728	45	12 558

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

Note 5 Trade and other payables

in thousands of EUR	31.03.20	31.12.19
Trade payables	4 706	4 980
Accrued expenses	487	501
Provisions	16	39
Other payables	1 700	1 379
Total	6 909	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 31 March 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 March 2020 AS Silvano Fashion Group had 2 405 shareholders (as of 31 December 2019: 2 231 shareholders).

Note 7 Earnings per share

The calculation of basic earnings per share for Q1 of 2020 (Q1 of 2019) is based on profit attributable to owners and a weighted average number of ordinary shares.

in thousands of shares	Q1 2020	Q1 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	Q1 2020	Q1 2019
Profit for the period attributable to equity holders of the Parent company	-1 406	3 098
Basic earnings per share (EUR)	-0.04	0.09
Diluted earnings per share (EUR)	-0.04	0.09

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	Q1 2020	Q1 2019
Revenue from wholesale	7 427	9 553
Revenue from retail	4 088	4 255
Subcontracting and services	31	9
Other sales	0	3
Total	11 546	13 820

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	Q1 2020	Q1 2019
Associates	1 273	1 259
Total	1 273	1 259

Balances with related parties

in thousands of EUR	31.03.2020	31.12.2019
Trade receivables from associates	0	0
Total	0	0

Benefits to key management of the group

in thousands of EUR	Q1 2020	Q1 2019
Remunerations and benefits	210	207
Total	210	207

Note 10 Operating segments

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

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

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

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

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

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

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

Operating segments <i>in thousands of EUR</i>	Q1 2020 and as of 31.03.20			Unallocated	Eliminations	Total
	Lingerie retail	Lingerie wholesale	Total segments			
Revenue from external customers	4 088	7 427	11 515	31		11 546
Intersegment revenues	0	7 590	7 590	739	-8 329	0
EBITDA	1 641	2 502	4 143	105		4 248
Amortization and depreciation	-692	-230	-922	-174	0	-1 096
Operating income, EBIT	949	2 272	3 221	-69	0	3 152
Profit from associates using equity method	0	0	0	0	0	0
Net financial income (expense)	-372	-151	-523	-4 332	0	-4 855
Income tax	-33	-303	-336	599	0	263
Net profit (loss)	544	1 818	2 362	-3 802	0	-1 440
Investments in associates	0	63	63	0	0	63
Other operating segments assets	4 603	29 215	33 818	7 801	0	41 619
Reportable segments liabilities	2 123	10 366	12 489	3 552	0	16 041
Capital expenditures	211	41	252	54	0	306
Number of employees as of reporting date	506	1 198	1 704	152		1 856

Operating segments <i>in thousands of EUR</i>	Q1 2019 and as of 31.03.19			Unallocated	Eliminations	Total
	Lingerie retail	Lingerie wholesale	Total segments			
Revenue from external customers	4 255	9 553	13 808	12		13 820
Intersegment revenues	0	9 226	9 226	843	-10 069	0
EBITDA	1 486	2 111	3 597	-439		3 158
Amortization and depreciation	-472	-207	-679	-157	0	-836
Operating income, EBIT	1 014	1 904	2 918	-596	0	2 322
Profit from associates using equity method	0	1	1	0	0	1
Net financial income (expense)	34	-63	-29	1 950	0	1 921
Income tax	-115	-433	-548	-616	0	-1 164
Net profit	933	1 409	2 342	738	0	3 080
Investments in associates	0	70	70	0	0	70
Other operating segments assets	4 514	38 754	43 268	8 073	0	51 341
Reportable segments liabilities	1 717	12 493	14 210	3 992	0	18 202
Capital expenditures	2 395	2 648	5 043	3 972	0	9 015
Number of employees as of reporting date	502	1 358	1 860	165		2 025

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 Q1 2020	Revenue Q1 2019	Non-current assets 31.03.2020	Non-current assets 31.12.2019
Russia	6 887	8 684	3 332	3 799
Belarus	3 428	3 438	11 987	14 832
Ukraine	239	533	1	1
Baltics	220	258	471	529
Other countries	772	907	25	253
Total	11 546	13 820	15 816	19 186

Note 11 Subsequent events

Effects of the coronavirus

On March 28, most regions of Russia introduced 'Recommended Restrictive Measures' due to the situation with coronavirus. Cafes and catering establishments, shopping and leisure centers, cinemas and cultural institutions were closed. Group stores in Russia were closed due to epidemic coronavirus (COVID-19) infection since 28th March 2020. Group stores closures in Russia not had a significant impact on Group's generated financial performance in Q1 2020. These measures had a significant impact on the drop in wholesale sales in Russia.

Belarus remains the only country in the region, which keeps its borders open. The Ministry believes that the closure of the country's borders will not cease the spreading of Covid-19 and the quarantine has not been declared in Belarus. All group enterprises in Belarus continue to work.

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.

In the changed situation, the entire Group's cost base is critically reviewed. Various measures have been used to reduce labour costs. Negotiations are underway with lessors to reduce the rental costs of closed sales areas.

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, the duration of the movement restrictions and other measures was not known and it was not possible to objectively predict the overall impact of the pandemic on the Group's financial results. We estimate that the economic changes caused by the virus will not affect the Group's sustainability.