



AS Silvano Fashion Group

Consolidated Interim Financial Report for Q2 and 6 months of 2020 (unaudited)

(translation of the Estonian original) *

Beginning of the reporting period	1 January 2020
End of the reporting period	30 June 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 30 June 2020 the Group employed 1 784 people (as of 31 December 2019: 1 888 people).

The Group comprises of the following entities:

Parent company	Location	Main activity	Ownership interest 30.06.2020	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 to 17 731 thousand EUR during the 6 months of 2020, representing a 41.4% decrease as compared to the same period for the previous year. The Group's gross profit during the 6 months of 2020 amounted to 10 575 thousand EUR and decreased by 31.7% compared to 6 months of 2019. The Gross margin during the 6 months of 2020 increased to 59.6% from 51.2% as compared to 6 months of 2019.

Consolidated operating profit for 6 months of 2020 decreased by 43.6% to 3 983 thousand EUR, compared to 7 061 thousand EUR in 6 months of 2019. Consolidated EBITDA for 6 months of 2020 decreased by 32.5% and was 5 931 thousand EUR, compared to 8 789 thousand EUR in 6 months of 2019.

Reported consolidated net profit 6 months of 2020 amounted to 870 thousand EUR, as compared to net profit of 7 203 thousand EUR in the prior year's same period. Net profit attributable to equity holders of the Parent company for 6 months of 2020 decreased by 89.2% and amounted to 745 thousand EUR.

Russia Economic Outlook

The economy seems to have slipped into a severe contraction in the second quarter. Economic activity shrank in double-digits in April-May as strict lockdown measures forced closures of non-essential businesses, in turn prompting a broad-based downturn in the industrial sector. Similarly, nosediving retail sales in Q2 suggest private consumption plunged as the unemployment rate jumped in April-May while strict social distancing measures prompted households to postpone spending, thus gutting the services sector. Moreover, exports nosedived in April on depressed oil prices and eviscerated foreign demand. FocusEconomics panelists see GDP shrinking 4.9% this year, which is down 0.2 percentage points from last month's forecast. In 2021, the economy is seen growing 3.2%.

The Group's sales on the Russian market totalled 9 429 thousand EUR, decrease is 48.0% compared to 6 months of 2019. Local currency sales decreased by 47.4% during 6 months of 2020 compared to the same 6 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 43 stores operated by the Group itself.

Belarus Economic Outlook

The panorama darkened further in the second quarter, after the economy shrank for the first time in over three years in the first quarter. Activity contracted at a sharper pace, on average, in April-May than in Q1. Moreover, industrial production plunged in April-May, largely reflecting constraining effects of the health crisis, while retail sales growth dropped to a near three-year low in May as households put off spending amid lingering uncertainty. The economy will likely shrink this year, owing to Covid-19. The external sector is set to be particularly hard hit due to vanishing foreign demand. FocusEconomics panelists project the economy to shrink 3.6% in 2020, which is up 0.2 percentage points from last month's estimate. In 2021, the economy is expected to rebound and grow 2.9%.

The Group's sales in Belarus in the 6 months of 2020 were 5 863 thousand EUR and decreased by 26.8% compared to the 6 months of 2019. Sales in local currency decreased by 21.4% during the same period. There are currently a total of 61 stores operated by the Group itself.

Ukraine Economic Outlook

A second estimate confirmed that the economy contracted in the first quarter for the first time in over three years. Moreover, the sharp global downturn due to the coronavirus pandemic dented exports. Turning to the second quarter, available data points to a worsening recession as the brunt of restrictions to contain the virus began to kick in: In May, industrial production plunged for the third consecutive month and retail sales growth fell to an over three-year low. Meanwhile, on 9 July, the IMF approved a USD 5 billion loan deal for Ukraine and the country received an immediate release of USD 2.1 billion, a much-needed economic lifeline for the government. GDP is expected to contract this year as Covid-19 containment measures hammer domestic and external demand. While support from the IMF should help give the government some space to cushion the downturn, risks remain high. FocusEconomics panelists see GDP falling 5.3% in 2020, which is unchanged from last month's forecast. In 2021, they see it expanding 4.4%.

The Group's sales in Ukraine in the 6 months of 2020 were 413 thousand EUR and decreased by 57.0% compared to the 6 months of 2019. Sales in local currency decreased by 59.3% during the same period.

Sales structure

Sales by markets

Group sales in its 3 major markets – Russia, Belarus and Ukraine – were 88.6% of its total sales. Measured in local currencies sales decrease was accordingly – -47.4%, -21.4% and -59.3%

	06m 2020	06m 2019	Change	Change, %
Russia, th RUB	697 278	1 326 617	-629 339	-47.4%
Belarus, th BYN	15 074	19 173	-4 099	-21.4%
Ukraine, th UAH	11 858	29 124	-17 266	-59.3%

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

	06m 2020	06m 2019	Change, EUR	Change, %	06m 2020, % of sales	06m 2019, % of sales
in thousands of EUR						
Russia	9 429	18 133	-8 704	-48.0%	53.2%	59.9%
Belarus	5 863	8 008	-2 145	-26.8%	33.1%	26.5%
Ukraine	413	960	-547	-57.0%	2.3%	3.2%
Baltics	454	635	-181	-28.5%	2.5%	2.1%
Other markets	1 572	2 528	-956	-37.8%	8.9%	8.3%
Total	17 731	30 264	-12 533	-41.4%	100.0%	100.0%

The majority of lingerie sales revenue during for 6 months of 2020 in the amount 9 429 thousand EUR was generated in Russia, accounting for 53.2% of total sales. The second largest market was Belarus, where sales were 5 863 thousand EUR, contributing 33.1% of lingerie sales (both retail and wholesale). Volumes in Ukraine were 413 thousand EUR, accounting for 2.3% of total sales.

Sales by business segments

	06m 2020	06m 2019	Change, EUR	Change, %	06m 2020, % of sales	06m 2019, % of sales
in thousands of EUR						
Wholesale	11 114	20 134	-9 020	-44.8%	62.7%	66.5%
Retail	6 538	10 102	-3 564	-35.3%	36.9%	33.4%
Other operations	79	28	51	182.1%	0.4%	0.1%
Total	17 731	30 264	-12 533	-41.4%	100.0%	100.0%

During 6 months of 2020 wholesale revenue amounted to 11 114 thousand EUR, representing 62.7% of the Group's total revenue (6 months of 2019: 66.5%). The main wholesale regions were Russia and Belarus.

Our retail revenue decreased by 35.3% and amounted to 6 538 thousand EUR, this represents 36.9% of the Group's total revenue.

Own & franchise store locations, geography

	Own	Franchise	Total
Russia	43	362	405
Ukraine	0	20	20
Belarus	61	0	61
Baltics	5	22	27
Other regions	0	97	97
Total	109	501	610

At the end of the reporting period the Group and its franchising partners operated 574 Milavitsa and 36 Lauma Lingerie brand stores, including 109 stores operated directly by the Group.

Selected Financial Indicators

Summarized selected financial indicators of the Group for 6 months of 2020 compared to 6 months of 2019 and 30.06.2020 compared to 31.12.2019 were as follows:

in thousands of EUR	06m 2020	06m 2019	Change
Revenue	17 731	30 264	-41.4%
Gross Profit	10 575	15 493	-31.7%
Operating profit	3 983	7 061	-43.6%
EBITDA	5 931	8 789	-32.5%
Net profit for the period	870	7 203	-87.9%
Net profit attributable equity holders of the Parent company	745	6 922	-89.2%
Earnings per share (EUR)	0,02	0,19	-89.5%
Operating cash flow for the period	2 742	8 331	-67.1%

in thousands of EUR	30.06.2020	31.12.2019	Change
Total assets	42 916	46 309	-7.3%
Total current assets	26 877	27 123	-0.9%
Total equity attributable to equity holders of the Parent company	24 672	26 324	-6.3%
Cash and cash equivalents	6 352	5 152	23.3%

Margin analysis, %	06m 2020	06m 2019	Change
Gross profit	59.6	51.2	16.4%
Operating profit	22.5	23.3	-3.4%
EBITDA	33.4	29.0	15.2%
Net profit	4.9	23.8	-79.4%
Net profit attributable to equity holders of the Parent company	4.2	22.9	-81.6%

Financial ratios, %	30.06.2020	31.12.2019	Change
ROA	10.2	22.2	-54.1%
ROE	18.1	38.9	-53.5%
Price to earnings ratio (P/E)	13.3	7.3	82.2%
Current ratio	3.3	2.7	22.2%
Quick ratio	1.1	0.8	37.5%

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 17 731 thousand EUR during 6 months of 2020, representing a 41.4% decrease as compared to the same period of previous year. Overall, wholesales decreased by 44.8%, measured in EUR.

The Group's gross profit during 6 months of 2020 amounted to 10 575 thousand EUR and decrease by 31.7% compared to previous year. The gross margin during 6 months of 2020 increased to 59.6%, from 51.2% in the respective period of previous year. The cost of sold goods decreased by 51.6%.

Consolidated operating profit for 6 months of 2020 amounted to 3 983 thousand EUR, compared to 7 061 thousand EUR in 6 months of 2019, decrease by 43.6%. The consolidated operating profit margin was 22.5% for 6 months of 2020 (23.3% in 6 months of 2019). Consolidated EBITDA for 6 months of 2020 decreased by 32.5% and amounted to 5 931 thousand EUR, which is 33.4% in margin terms (8 789 thousand EUR and 29.0% for 6 months of 2019).

Reported consolidated net profit attributable to equity holders of the Parent company for 6 months of 2020 amounted to 745 thousand EUR, compared to net profit of 6 922 thousand EUR in 6 months of 2019, net profit margin attributable to equity holders of the Parent company for 6 months of 2020 was 4.2% against 22.9% in 6 months of 2019.

Financial position

As of 30 June 2020 consolidated assets amounted to 42 916 thousand EUR representing decrease by 7.3% as compared to the position as of 31 December 2019.

Trade and other receivables decreased by 332 thousand EUR as compared to 31 December 2019 and amounted to 2 278 thousand EUR as of 30 June 2020. Inventory balance decreased by 1 114 thousand EUR and amounted to 18 245 thousand EUR as of 30 June 2020.

Equity attributable to equity holders of the Parent company decreased by 1 652 thousand EUR and amounted to 24 672 thousand EUR as of 30 June 2020. Current liabilities decreased by 2 093 thousand EUR during 6 months of 2020.

Investments

During 6 months of 2020 the Group's investments into property, plant and equipment totalled 133 thousand EUR, in previous year same period 1 096 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 June 2020, the Group employed 1 784 employees, including 491 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 6 months of 2020 amounted to 5 008 thousand EUR (6 702 thousand EUR in 6 months of 2019). The remuneration of key management of the Group, including the key executives of all subsidiaries, totalled 389 thousand EUR.

Decisions made by governing bodies during 6 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.

AS Silvano Fashion Group Consolidated Interim Financial Report for Q2 and 6 months of 2020

- 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 June 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 June 2020 AS Silvano Fashion Group had 2 608 shareholders (as of 31 December 2019: 2 231 shareholders).

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

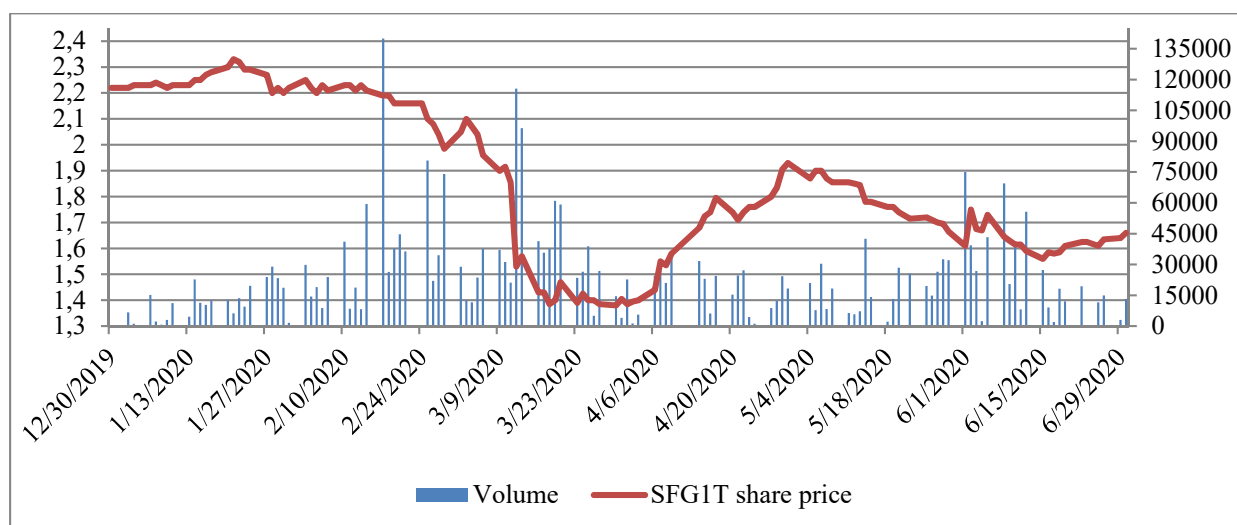
Name	Number of shares	Shareholding
Major shareholders	16 820 000	46.72%
BALTPLAST AS	8 820 000	24.50%
AS SEB PANK CLIENTS	8 000 000	22.22%
Other shareholders	19 180 000	53.28%
Total number of shares	36 000 000	100.00%

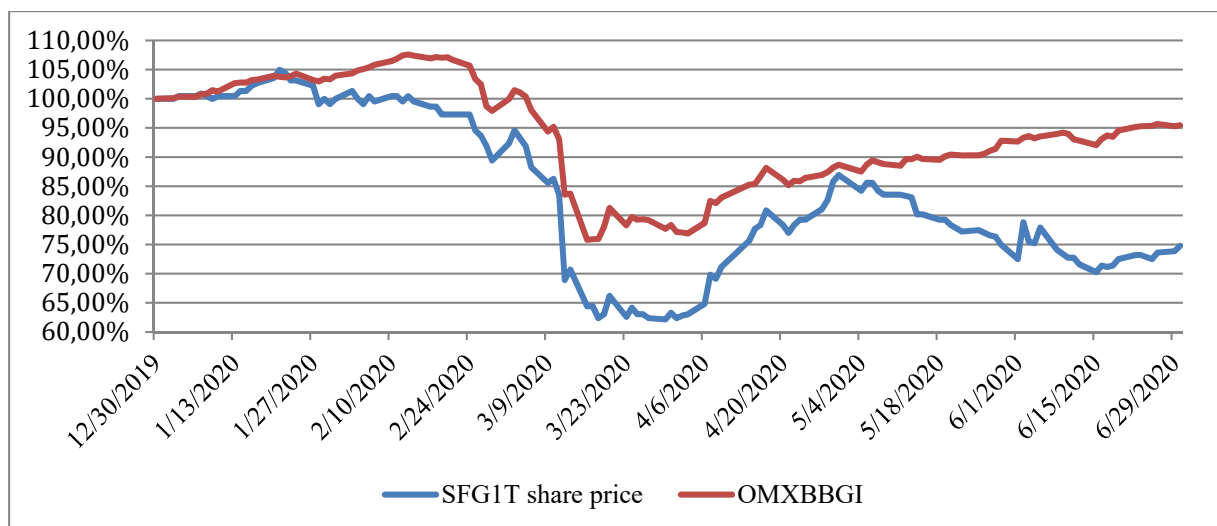
As of 31 December 2019 shareholders, whose interest in AS Silvano Fashion Group exceeded 5% included:

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 6 months of 2020 (EUR)

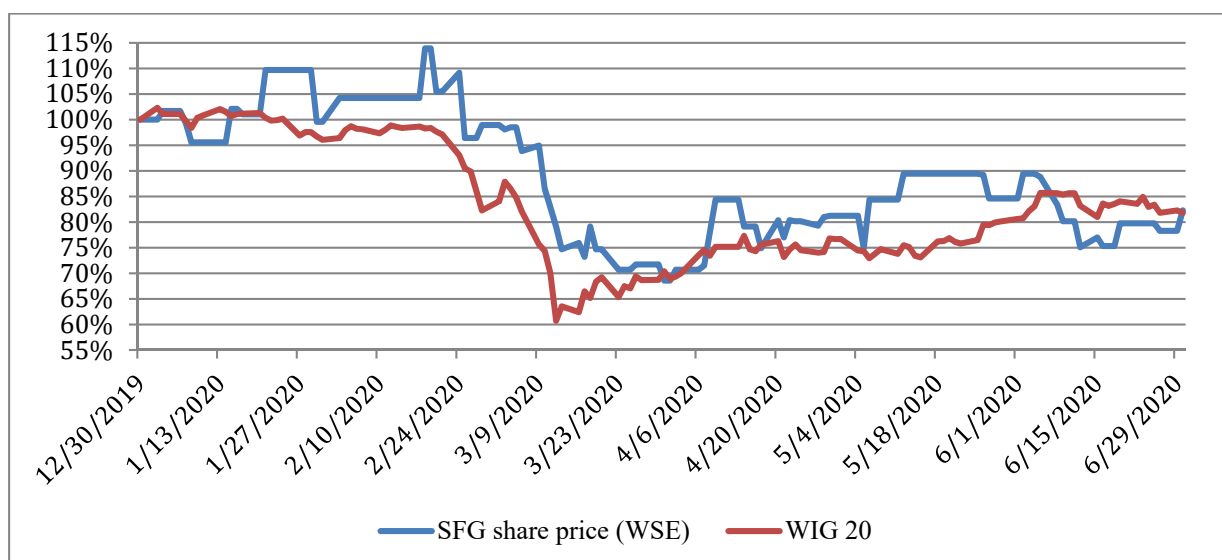
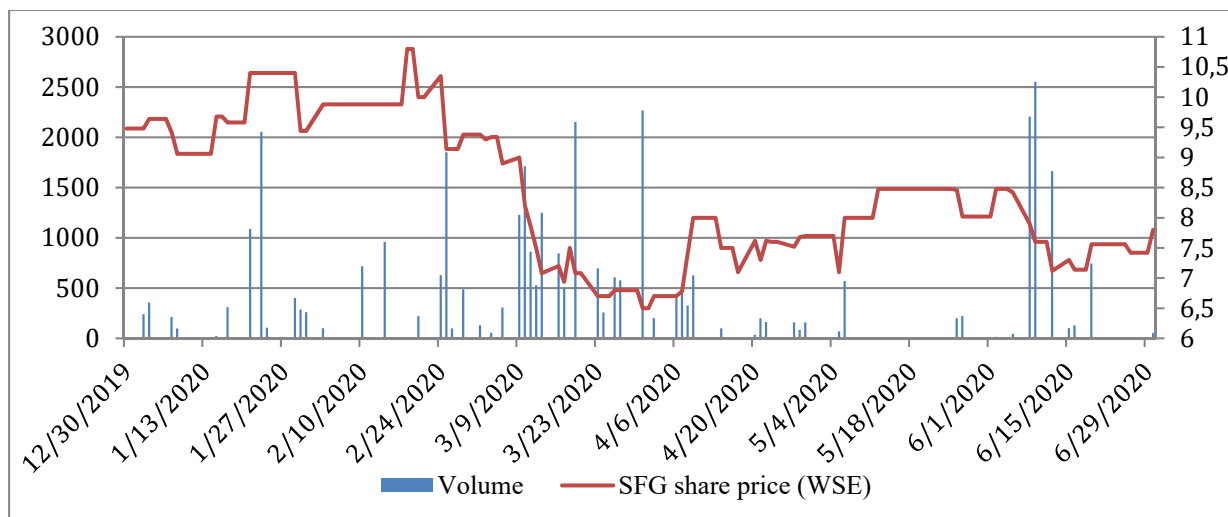
During 6 months of 2020 the highest and lowest prices of the AS Silvano Fashion Group` share on the Tallinn Stock Exchange were 2.34 EUR and 1.37 EUR, respectively:





Share price development on the Warsaw Stock Exchange during 6 months of 2020 (PLN)

During 6 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 Q2 and 6 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
August 14, 2020

Consolidated Statement of Financial Position

in thousands of EUR	Note	30.06.2020	31.12.2019
ASSETS			
Current assets			
Cash and cash equivalents		6 352	5 152
Current loans granted		2	2
Trade and other receivables	2	2 278	2 610
Inventories	3	18 245	19 359
Total current assets		26 877	27 123
Non-current assets			
Long-term receivables		281	334
Investments in associates		71	82
Available-for-sale investments		279	321
Deferred tax asset		1 405	905
Intangible assets		402	423
Investment property		746	869
Property, plant and equipment	4	12 855	16 252
Total non-current assets		16 039	19 186
TOTAL ASSETS		42 916	46 309
LIABILITIES AND EQUITY			
Current liabilities			
Short-term finance lease obligations		1 287	2 362
Trade and other payables	5	5 951	6 899
Tax liabilities		819	889
Total current liabilities		8 057	10 150
Non-current liabilities			
Deferred tax liability		0	14
Long-term loans		200	0
Long-term finance lease obligations		6 518	6 333
Long-term provisions		53	61
Total non-current liabilities		6 771	6 408
Total liabilities		14 828	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		-18 094	-15 697
Retained earnings		32 538	31 793
Total equity attributable to equity holders of the Parent company		24 672	26 324
Non-controlling interest		3 416	3 427
Total equity		28 088	29 751
TOTAL EQUITY AND LIABILITIES		42 916	46 309

Consolidated Income Statement

in thousands of EUR	Note	2Q 2020	2Q 2019	06m 2020	06m 2019
Revenue	8	6 185	16 444	17 731	30 264
Cost of goods sold		-2 756	-7 406	-7 156	-14 771
Gross Profit		3 429	9 038	10 575	15 493
Distribution expenses		-1 713	-2 949	-4 447	-5 854
Administrative expenses		-811	-1 195	-1 933	-2 287
Other operating income		70	81	129	147
Other operating expenses		-144	-236	-341	-438
Operating profit		831	4 739	3 983	7 061
Currency exchange income/(expense)		2 174	439	-2 556	2 470
Other finance income/(expenses)		-109	-110	-234	-220
Net financial income		2 065	329	-2 790	2 250
Profit (loss) from associates using equity method		0	-1	0	0
Profit before tax		2 896	5 067	1 193	9 311
Income tax expense		-586	-944	-323	-2 108
Profit for the period		2 310	4 123	870	7 203
Attributable to:					
Equity holders of the Parent company		2 151	3 824	745	6 922
Non-controlling interest		159	299	125	281
Earnings per share from profit attributable to equity holders of the Parent company, both basic and diluted (EUR)	7	0,06	0,11	0,02	0,19

Consolidated Statement of Comprehensive Income

in thousands of EUR	Note	2Q 2020	2Q 2019	06m 2020	06m 2019
Profit for the period		2 310	4 123	870	7 203
Other comprehensive income (loss) that will be reclassified to profit or loss in subsequent periods		166	182	-2 059	11
Attributable to :					
Equity holders of the Parent company		180	90	-2 397	-193
Non-controlling interest		-14	92	338	204
Total comprehensive income (loss) for the period		2 476	4 305	-1 189	7 214
Attributable to :					
Equity holders of the Parent company		2 331	3 914	-1 652	6 729
Non-controlling interest		145	391	463	485

Consolidated Statement of Cash Flows

in thousands of EUR	06m 2020	06m 2019
Cash flow from operating activities		
Profit for the period	870	7 203
Adjustments for:		
Depreciation and amortization of non-current assets	1 948	1 728
(Gains)/ losses on the sale of property, plant and equipment	3	23
Net finance income / costs	212	-2 250
Provision for inventories	1	0
Provision for long-term benefits	0	3
Income tax expense	323	2 108
Change in inventories	1 114	-914
Change in trade and other receivables	219	-332
Change in trade and other payables	-1 210	1 105
Change in finance lease obligations	0	997
Income tax paid	-738	-1 340
Net cash from operating activities	2 742	8 331
Cash flow from investing activities		
Interest received	7	4
Proceeds from disposal of property, plant and equipment	28	59
Proceeds from repayments of loans granted	0	6
Acquisition of property, plant and equipment	-133	-1 096
Acquisition of intangible assets	-67	-118
Acquisition of subsidiary net of cash acquired	-26	0
Net cash used in/from investing activities	-191	-1 145
Cash flow from financing activities		
Proceeds from borrowings	200	0
Repayment of finance lease	-1 006	-1 114
Interest paid on finance lease	-255	0
Dividends paid	-474	-3 919
Reduction of share capital	0	-7 200
Net cash used in/ from financing activities	-1 535	-12 233
Increase in cash and cash equivalents	1 016	-5 047
Cash and cash equivalents at the beginning of period	5 152	13 603
Effect of exchange rate fluctuations on cash held	184	-68
Cash and cash equivalents at the end of period	6 352	8 488

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	6 922	6 922	281	7 203
Other comprehensive income (loss) for the period	0	0	0		-193	0	-193	204	11
Total comprehensive income (loss) for the period	0	0	0	0	-193	6 922	6 729	485	7 214
Transactions with owners, recognised directly in equity									
Dividends declared	0	0	0	0	0	-7 200	-7 200	-319	-7 519
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	3 600	-3 600	0	0	0	-7 200	-7 200	-319	-7 519
Balance as at 30 June 2019	7 200	4 967	1 306	355	-14 889	28 052	26 991	3 315	30 306
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	745	745	125	870
Other comprehensive income (loss) for the period	0	0	0	0	-2 397	0	-2 397	338	-2 059
Total comprehensive income (loss) for the period	0	0	0	0	-2 397	745	-1 652	463	-1 189
Transactions with owners, recognised directly in equity									
Dividends declared	0	0	0	0	0	0	0	-474	-474
Total transactions with owners, recognised directly in equity	0	0	0	0	0	0	0	-474	-474
Balance as at 30 June 2020	3 600	4 967	1 306	355	-18 094	32 538	24 672	3 416	28 088

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 June 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 6 months of 2020 ended on 30 June 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	30.06.20	31.12.19
Trade receivables from third parties	1 661	1 023
Trade receivables from related parties	0	0
Impairment of receivables	-54	-61
Tax prepayments	180	645
Other receivables	491	1 003
Total	2 278	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	30.06.20	31.12.19
Raw and other materials	4 041	4 717
Work in progress	632	980
Finished goods	13 113	12 985
Other inventories	459	677
Total	18 245	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 06m 2019						
Additions	0	0	246	8 687	850	9 783
Disposals	0	-32	-50	0	0	-82
Reclassifications	0	597	71	0	-668	0
Depreciation	-59	-358	-239	-1 025	0	-1 681
Unrealised exchange rate differences	46	220	17	71	15	369
Closing net book amount	3 009	3 695	1 132	7 733	214	15 783
30.06.2019						
Cost	5 707	18 024	5 279	8 758	214	37 982
Accumulated depreciation	-2 698	-14 329	-4 147	-1 025	0	-22 199
Net book amount	3 009	3 695	1 132	7 733	214	15 783
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 06m 2020						
Additions	0	0	47	359	86	492
Disposals	0	0	-31	0	0	-31
Reclassifications	0	65	53	0	-118	0
Depreciation	-62	-352	-367	-1 140	0	-1 921
Unrealised exchange rate differences	-393	-381	-106	-1 049	-8	-1 937
Closing net book amount	2 597	2 543	779	6 913	23	12 855
30.06.2020						
Cost	5 045	15 786	4 829	10 502	23	36 185
Accumulated depreciation	-2 448	-13 243	-4 050	-3 589	0	-23 330
Net book amount	2 597	2 543	779	6 913	23	12 855

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

Note 5 Trade and other payables

in thousands of EUR	30.06.20	31.12.19
Trade payables	4 523	4 980
Accrued expenses	494	501
Provisions	6	39
Other payables	928	1 379
Total	5 951	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 June 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 June 2020 AS Silvano Fashion Group had 2 608 shareholders (as of 31 December 2019: 2 231 shareholders).

Note 7 Earnings per share

The calculation of basic earnings per share for 6 months of 2020 (6 months of 2019) is based on profit attributable to owners and a weighted average number of ordinary shares.

in thousands of shares	06m 2020	06m 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	06m 2020	06m 2019
Profit for the period attributable to equity holders of the Parent company	745	6 922
Basic earnings per share (EUR)	0.02	0.19
Diluted earnings per share (EUR)	0.02	0.19

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	06m 2020	06m 2019
Revenue from wholesale	11 114	20 134
Revenue from retail	6 538	10 102
Subcontracting and services	75	14
Other sales	4	14
Total	17 731	30 264

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	06m 2020	06m 2019
Associates	89	1 261
Total	89	1 261

Balances with related parties

in thousands of EUR	30.06.2020	31.12.2019
Trade receivables from associates	0	0
Total	0	0

Benefits to key management of the group

in thousands of EUR	06m 2020	06m 2019
Remunerations and benefits	389	423
Total	389	423

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>	06m 2020 and as of 30.06.2020					
	Lingerie retail	Lingerie wholesale	Total segments	Unallocated	Eliminations	Total
Revenue from external customers	6 538	11 114	17 652	79		17 731
Intersegment revenues	0	10 596	10 596	1 203	-11 799	0
EBITDA	2 691	3 111	5 802	129		5 931
Amortization and depreciation	-1 222	-392	-1 614	-334	0	-1 948
Operating income, EBIT	1 469	2 719	4 188	-205	0	3 983
Net financial income	-135	-192	-327	-2 463	0	-2 790
Income tax	-129	-442	-571	248	0	-323
Net profit	1 205	2 085	3 290	-2 420	0	870
Investments in associates	0	71	71	0	0	71
Other operating segments assets	4 874	28 208	33 082	9 763	0	42 845
Reportable segments liabilities	1 883	9 560	11 443	3 385	0	14 828
Capital expenditures	434	71	505	54	0	559
Number of employees as of reporting date	491	1 145	1 636	148		1 784
Operating segments <i>in thousands of EUR</i>	06m 2019 and as of 30.06.2019					
	Lingerie retail	Lingerie wholesale	Total segments	Unallocated	Eliminations	Total
Revenue from external customers	10 102	20 134	30 236	28		30 264
Intersegment revenues	0	18 171	18 171	1 870	-20 041	0
EBITDA	3 991	5 100	9 091	-302		8 789
Amortization and depreciation	-981	-419	-1 400	-328	0	-1 728
Operating income, EBIT	3 010	4 681	7 691	-630	0	7 061
Net financial income	53	242	295	1 955	0	2 250
Income tax	-396	-1 084	-1 480	-628	0	-2 108
Net profit	2 667	3 839	6 506	697	0	7 203
Investments in associates	0	70	70	0	0	70
Other operating segments assets	4 830	31 480	36 310	13 860	0	50 170
Reportable segments liabilities	1 688	10 771	12 459	7 475	0	19 934
Capital expenditures	174	568	742	472	0	1 214
Number of employees as of reporting date	503	1 334	1 837	151		1 988

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 06m 2020	Revenue 06m 2019	Non-current assets 30.06.2020	Non-current assets 31.12.2019
Russia	9 429	18 133	3 105	3 799
Belarus	5 863	8 008	12 496	14 832
Ukraine	413	960	1	1
Baltics	454	635	412	529
Other countries	1 572	2 528	25	25
Total	17 731	30 264	16 039	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.

On 01 June, permission was granted to reopen stores in Russia. In connection with the virus threat, the Group immediately took measures to ensure the safety of both its customers and employees. The gradual opening of the regions of Russia made it possible to resume wholesale sales. On June 30, all of the Group's sales premises were reopened.

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.

The crisis months brought on by the spread of the new coronavirus left a deep mark on the economic results of the Group in the first six months of the year. Special agreements were achieved with lessors to reduce the rental costs of closed sales areas. Various measures have been used to reduce labour costs, including the reduction of wages. 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 and business operations have substantially resumed.

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