



## **AS Silvano Fashion Group**

### **Consolidated Interim Financial Report for Q2 and 6 months of 2021 (unaudited)**

(translation of the Estonian original) \*

Beginning of the reporting period	1 January 2021
End of the reporting period	30 June 2021
Business name	AS Silvano Fashion Group
Registration number	10175491
Legal address	Tulika 17, 10613 Tallinn
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Fax	+372 684 5300
E-mail	<a href="mailto:info@silvanofashion.com">info@silvanofashion.com</a>
Website	<a href="http://www.silvanofashion.com">www.silvanofashion.com</a>
Core activities	Design, manufacturing and distribution of women's lingerie
Auditor	Ernst & Young Baltic AS

*\* This version of our report is a translation from the original, which was prepared in Estonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.*

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## Management Report

### General information about AS Silvano Fashion Group

AS Silvano Fashion Group (hereinafter “the Group”) is a holding company that controls group of entities involved in the design, manufacturing, wholesale, franchise and retail sales of ladies lingerie. The Group’s revenue is generated by sales of Milavitsa, Alisee, Aveline, Lauma Lingerie, Laumelle and Hidalgo brand products through wholesale channels, franchised sales and own retail operated via Milavitsa and Lauma Lingerie retail stores. Key sales markets for the Group are Russia, Belarus, Ukraine, other CIS countries and the Baltics.

The parent company of the Group is AS Silvano Fashion Group (hereinafter “the Parent company”), which is domiciled in Estonia. AS Silvano Fashion Group registered address is Tulika 17, Tallinn, Estonia.

The shares of the Group are listed on the Nasdaq OMX Tallinn Stock Exchange and on the Warsaw Stock Exchange.

As of 30 June 2021 the Group employed 1 696 people (as of 31 December 2020: 1 744 people).

The Group comprises of the following entities:

<b>Parent company</b>	<b>Location</b>	<b>Main activity</b>	<b>Ownership interest 30.06.2021</b>	<b>Ownership interest 31.12.2020</b>
AS Silvano Fashion Group	Estonia	Holding		
<b>Entities belonging to the Silvano Fashion Group</b>				
Silvano Fashion ZAO	Russia	Retail and Wholesale	100%	100%
Silvano Fashion OOO	Belarus	Retail and Wholesale	100%	100%
Silvano Fashion TOV	Ukraine	Wholesale	100%	100%
Silvano Fashion SIA	Latvia	Retail	100%	100%
Milavitsa SP ZAO	Belarus	Manufacturing and Wholesale	85.02%	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 23 225 thousand EUR during the 6 months of 2021, representing a 31.0% increase as compared to the same period for the previous year. The Group's gross profit during the 6 months of 2021 amounted to 13 661 thousand EUR and increased by 29.2% compared to 6 months of 2020. The Gross margin during the 6 months of 2021 decreased to 58.8% from 59.6% as compared to 6 months of 2020.

Consolidated operating profit for 6 months of 2021 increased by 99.4% to 7 941 thousand EUR, compared to 3 983 thousand EUR in 6 months of 2020. Consolidated EBITDA for 6 months of 2021 increased by 60.7% and was 9 533 thousand EUR, compared to 5 931 thousand EUR in 6 months of 2020.

Reported consolidated net profit for 6 months of 2021 amounted to 6 696 thousand EUR, as compared to net profit of 870 thousand EUR in the prior year's same period. Net profit attributable to equity holders of the Parent company for 6 months of 2021 increased by 709.5% and amounted to 6 031 thousand EUR.

### Russia Economic Outlook

The Group's sales on the Russian market totalled 13 730 thousand EUR, increase is 45.6% compared to 6 months of 2020. Local currency sales increased by 74.9% during 6 months of 2021 compared to the same 6 months of 2020. At the end of the reporting period, there were a total of 47 stores operated by the Group itself.

### Belarus Economic Outlook

The Group's sales in Belarus in the 6 months of 2021 were 5 558 thousand EUR and decreased by 5.2% compared to the 6 months of 2020. Sales in local currency increased by 14.4% 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 6 months of 2021 were 815 thousand EUR and increased by 97.3% compared to the 6 months of 2020. Sales in local currency increased by 128.7% during the same period.

## Sales structure

### Sales by markets

Group sales in its 3 major markets – Russia, Belarus and Ukraine – were 86.5% of its total sales. Measured in local currencies sales increase was accordingly – 74.9% in Russia, 14.4% in Belarus and 128.7% in Ukraine.

	06m 2021	06m 2020	Change	Change, %
Russia, th RUB	1 219 365	697 278	522 087	74.9%
Belarus, th BYN	17 243	15 074	2 169	14.4%
Ukraine, th UAH	27 124	11 858	15 266	128.7%

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

	06m 2021	06m 2020	Change, EUR	Change, %	06m 2021, % of sales	06m 2020, % of sales
in thousands of EUR						
Russia	13 730	9 429	4 301	45.6%	59.1%	53.2%
Belarus	5 558	5 863	-305	-5.2%	23.9%	33.1%
Ukraine	815	413	402	97.3%	3.5%	2.3%
Baltics	503	454	49	10.8%	2.2%	2.5%
Other markets	2 619	1 572	1 047	66.6%	11.3%	8.9%
<b>Total</b>	<b>23 225</b>	<b>17 731</b>	<b>5 494</b>	<b>31.0%</b>	<b>100.0%</b>	<b>100.0%</b>

The majority of lingerie sales revenue during 6 months of 2021 in the amount 13 730 thousand EUR was generated in Russia, accounting for 59.1% of total sales. The second largest market was Belarus, where sales were 5 558 thousand EUR, contributing 23.9% of lingerie sales (both retail and wholesale). Volumes in Ukraine were 815 thousand EUR, accounting for 3.5% of total sales.

**Sales by business segments**

	<b>06m 2021</b>	<b>06m 2020</b>	<b>Change, EUR</b>	<b>Change, %</b>	<b>06m 2021, % of sales</b>	<b>06m 2020, % of sales</b>
in thousands of EUR						
Wholesale	15 572	11 114	4 458	40.1%	67.0%	62.7%
Retail	7 590	6 538	1 052	16.1%	32.7%	36.9%
Other operations	63	79	-16	-20.3%	0.3%	0.4%
<b>Total</b>	<b>23 225</b>	<b>17 731</b>	<b>5 494</b>	<b>31.0%</b>	<b>100.0%</b>	<b>100.0%</b>

During 6 months of 2021 wholesale revenue amounted to 15 572 thousand EUR, representing 67.0% of the Group's total revenue (6 months of 2020: 62.7%). The main wholesale regions were Russia, Belarus and Ukraine.

Our retail revenue increased by 16.1% and amounted to 7 590 thousand EUR, this represents 32.7% of the Group's total revenue.

**Own & franchise store locations, geography**

	<b>Own</b>	<b>Franchise</b>	<b>Total</b>
Russia	47	352	399
Ukraine	0	20	20
Belarus	61	0	61
Baltics	5	21	26
Other regions	0	89	89
<b>Total</b>	<b>113</b>	<b>482</b>	<b>595</b>

At the end of the reporting period the Group and its franchising partners operated 563 Milavitsa and 32 Lauma Lingerie brand stores, including 113 stores operated directly by the Group.

## Selected Financial Indicators

Summarized selected financial indicators of the Group for 6 months of 2021 compared to 6 months of 2020 and 30.06.2021 compared to 31.12.2020 were as follows:

in thousands of EUR	06m 2021	06m 2020	Change
Revenue	23 225	17 731	31.0%
Gross Profit	13 661	10 575	29.2%
Operating profit	7 941	3 983	99.4%
EBITDA	9 533	5 931	60.7%
Net profit for the period	6 696	870	669.7%
Net profit attributable equity holders of the Parent company	6 031	745	709.5%
Earnings per share (EUR)	0,17	0,02	750.0%
Operating cash flow for the period	8 055	2 742	193.8%

in thousands of EUR	30.06.2021	31.12.2020	Change
Total assets	49 446	42 256	17.0%
Total current assets	36 381	29 597	22.9%
Total equity attributable to equity holders of the Parent company	30 497	24 504	24.5%
Cash and cash equivalents	14 022	8 980	56.1%

Margin analysis, %	06m 2021	06m 2020	Change
Gross profit	58.8	59.6	-1.3%
Operating profit	34.2	22.5	52.0%
EBITDA	41.0	33.4	22.8%
Net profit	28.8	4.9	487.8%
Net profit attributable to equity holders of the Parent company	26.0	4.2	519.0%

Financial ratios, %	30.06.2021	31.12.2020	Change
ROA	23.7	3.2	640.6%
ROE	40.2	5.6	617.9%
Price to earnings ratio (P/E)	5.5	41.7	-86.8%
Current ratio	4.0	3.4	17.6%
Quick ratio	1.8	1.3	38.5%

### Underlying formulas:

EBITDA = net profit for the period + depreciation and amortisation + net financial 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 23 225 thousand EUR during 6 months of 2021, representing a 31.0% increase as compared to the same period of previous year. Overall, wholesale increased by 40.1%, measured in EUR.

The Group's gross profit during 6 months of 2021 amounted to 13 661 thousand EUR and increase by 29.2% compared to previous year. The gross margin during 6 months of 2021 decreased to 58.8%, from 59.6% in the respective period of previous year. The cost of sold goods increased by 33.7%.

Consolidated operating profit for 6 months of 2021 amounted to 7 941 thousand EUR, compared to 3 983 thousand EUR in 6 months of 2020, increase by 99.4%. The consolidated operating profit margin was 34.2% for 6 months of 2021 (22.5% in 6 months of 2020). Consolidated EBITDA for 6 months of 2021 increased by 60.7% and amounted to 9 533 thousand EUR, which is 41.0% in margin terms (5 931 thousand EUR and 33.4% for 6 months of 2020).

Reported consolidated net profit attributable to equity holders of the Parent company for 6 months of 2021 amounted to 6 031 thousand EUR, compared to net profit of 745 thousand EUR in 6 months of 2020, net profit margin attributable to equity holders of the Parent company for 6 months of 2021 was 26.0% against 4.2% in 6 months of 2020.

## Financial position

As of 30 June 2021 consolidated assets amounted to 49 446 thousand EUR representing increase by 17.0% as compared to the position as of 31 December 2020.

Trade and other receivables increased by 273 thousand EUR as compared to 31 December 2020 and amounted to 2 361 thousand EUR as of 30 June 2021. Inventory balance increased by 1 469 thousand EUR and amounted to 19 996 thousand EUR as of 30 June 2021.

Equity attributable to equity holders of the Parent company increased by 5 993 thousand EUR and amounted to 30 497 thousand EUR as of 30 June 2021. Current liabilities increased by 255 thousand EUR during 6 months of 2021.

## Investments

During 6 months of 2021 the Group's investments into property, plant and equipment totalled 120 thousand EUR, in previous year same period 133 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 2021, the Group employed 1 696 employees, including 518 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 6 months of 2021 amounted to 4 745 thousand EUR (5 008 thousand EUR in 6 months of 2020). The remuneration of key management of the Group, including the key executives of all subsidiaries, totalled 293 thousand EUR.

## Decisions made by governing bodies during 6 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 Annual Report.
- The Meeting decided 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 June 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 June 2021 AS Silvano Fashion Group 3 126 shareholders (as of 31 December 2020: 2 931 shareholders).

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

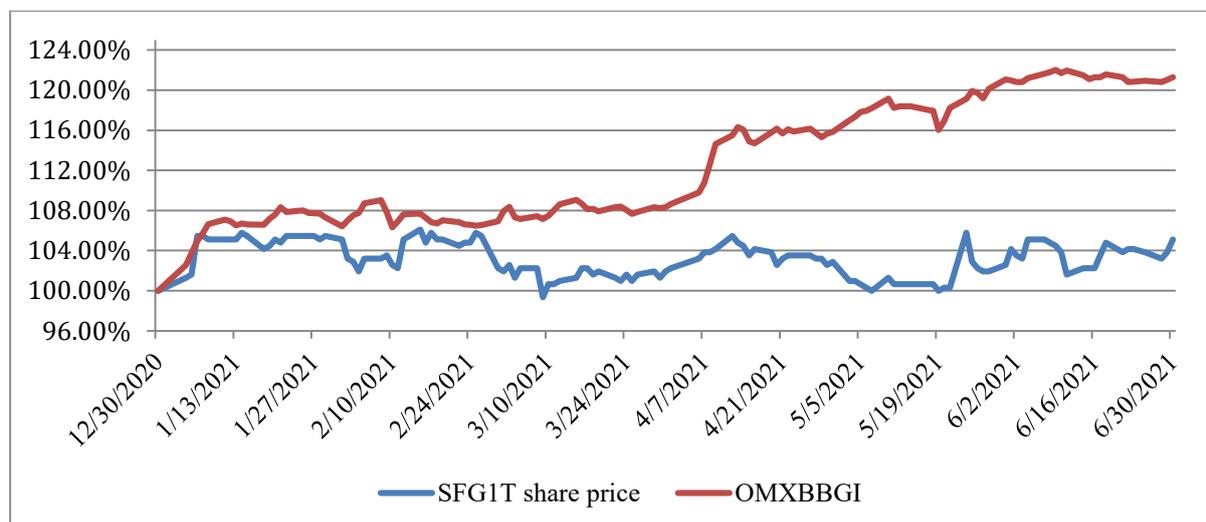
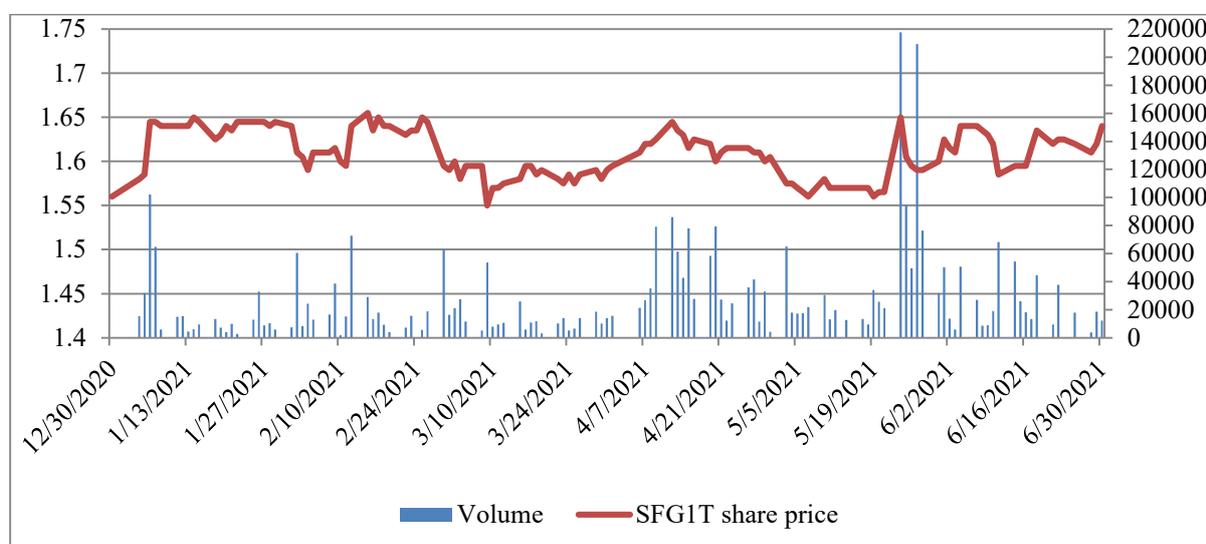
Name	Number of shares	Shareholding
<b>Major shareholders</b>	<b>18 833 428</b>	<b>52.31%</b>
BALTPLAST AS	9 000 000	25.00%
AS SEB PANK CLIENTS	8 000 000	22.22%
Clearstream Banking AG	1 833 428	5.09%
<b>Other shareholders</b>	<b>17 166 572</b>	<b>47.69%</b>
<b>Total number of shares</b>	<b>36 000 000</b>	<b>100.00%</b>

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

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

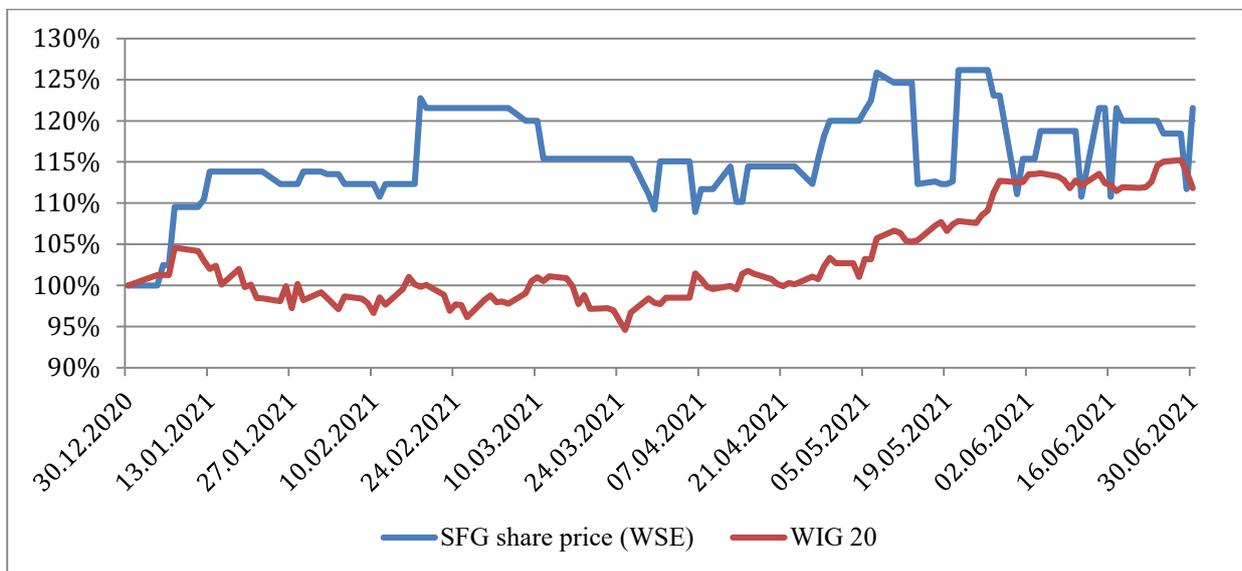
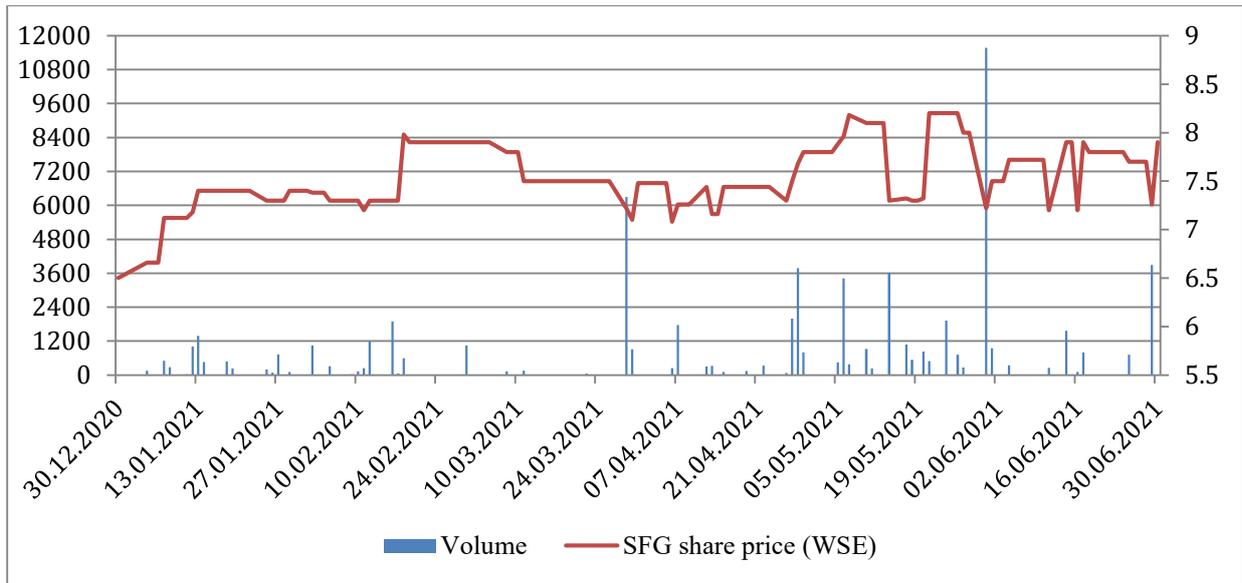
### Share price development and turnover on the Tallinn Stock Exchange during 6 months of 2021 (EUR)

During 6 months of 2021 the highest and lowest prices of the AS Silvano Fashion Group` share on the Tallinn Stock Exchange were 1.695 EUR and 1.55 EUR, respectively



**Share price development on the Warsaw Stock Exchange during 6 months of 2021 (PLN)**

During 6 months of 2021, the highest and lowest prices of the AS Silvano Fashion Group' share on the Warsaw Stock Exchange were 8.20 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 Q2 and 6 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.



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Jarek Sārgava  
Member of the Management Board  
August 06, 2021

## Consolidated Statement of Financial Position

in thousands of EUR	Note	30.06.2021	31.12.2020
		Unaudited	Audited
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	2	14 022	8 980
Current loans granted		2	2
Trade and other receivables	3	2 361	2 088
Inventories	4	19 996	18 527
<b>Total current assets</b>		<b>36 381</b>	<b>29 597</b>
<b>Non-current assets</b>			
Long-term receivables		268	249
Investments in associates		59	57
Investments in other shares		250	238
Deferred tax asset		1 091	1 032
Intangible assets		462	374
Investment property		1 053	1 018
Property, plant and equipment	5	9 882	9 691
<b>Total non-current assets</b>		<b>13 065</b>	<b>12 659</b>
<b>TOTAL ASSETS</b>		<b>49 446</b>	<b>42 256</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Short-term borrowings		0	400
Short-term lease liabilities		1 283	2 121
Trade and other payables	6	5 815	5 583
Government Grants		56	0
Tax liabilities		1 880	675
<b>Total current liabilities</b>		<b>9 034</b>	<b>8 779</b>
<b>Non-current liabilities</b>			
Deferred tax liability		584	500
Long-term borrowings		0	400
Long-term lease obligations		5 707	4 707
Long-term provisions		55	52
<b>Total non-current liabilities</b>		<b>6 346</b>	<b>5 659</b>
<b>Total liabilities</b>		<b>15 380</b>	<b>14 438</b>
<b>Equity</b>			
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		-18 547	-18 864
Retained earnings		39 171	33 140
<b>Total equity attributable to equity holders of the Parent company</b>		<b>30 497</b>	<b>24 504</b>
Non-controlling interest		3 569	3 314
<b>Total equity</b>		<b>34 066</b>	<b>27 818</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>49 446</b>	<b>42 256</b>

## Consolidated Income Statement

in thousands of EUR	Note	2Q 2021	2Q 2020	06m 2021	06m 2020
		Unaudited	Unaudited	Unaudited	Unaudited
Revenue from contracts with customers	9	12 960	6 185	23 225	17 731
Cost of goods sold		-5 541	-2 756	-9 564	-7 156
<b>Gross Profit</b>		<b>7 419</b>	<b>3 429</b>	<b>13 661</b>	<b>10 575</b>
Distribution expenses		-2 094	-1 713	-4 204	-4 447
Administrative expenses		-903	-811	-1 788	-1 933
Other operating income		385	70	566	129
Other operating expenses		-151	-144	-294	-341
<b>Operating profit</b>		<b>4 656</b>	<b>831</b>	<b>7 941</b>	<b>3 983</b>
Currency exchange income/(expense)		605	2 174	1 060	-2 556
Other finance income/(expenses)		-106	-109	-216	-234
<b>Net financial income</b>		<b>499</b>	<b>2 065</b>	<b>844</b>	<b>-2 790</b>
Profit (loss) from associates using equity method		5	0	-1	0
<b>Profit before tax</b>		<b>5 160</b>	<b>2 896</b>	<b>8 784</b>	<b>1 193</b>
Income tax expense		-1 028	-586	-2 088	-323
<b>Profit for the period</b>		<b>4 132</b>	<b>2 310</b>	<b>6 696</b>	<b>870</b>
Attributable to :					
Equity holders of the Parent company		3 770	2 151	6 031	745
Non-controlling interest		362	159	665	125
Earnings per share from profit attributable to equity holders of the Parent company, both basic and diluted (EUR)	8	0,10	0,06	0,17	0,02

## Consolidated Statement of Comprehensive Income

in thousands of EUR	Note	2Q 2021	2Q 2020	06m 2021	06m 2020
		Unaudited	Unaudited	Unaudited	Unaudited
<b>Profit for the period</b>		<b>4 132</b>	<b>2 310</b>	<b>6 696</b>	<b>870</b>
<b>Other comprehensive income (loss) that will be reclassified to profit or loss in subsequent periods :</b>					
Exchange differences on translation of foreign operations		40	166	269	-2 059
<b>Total other comprehensive income for the period</b>		<b>40</b>	<b>166</b>	<b>269</b>	<b>-2 059</b>
<b>Total comprehensive income (loss) for the period</b>		<b>4 172</b>	<b>2 476</b>	<b>6 965</b>	<b>-1 189</b>
Attributable to :					
Equity holders of the Parent company		3 829	2 331	5 993	-1 652
Non-controlling interest		343	145	972	463

## Consolidated Statement of Cash Flows

in thousands of EUR	06m 2021	06m 2020
	Unaudited	Unaudited
<b>Cash flow from operating activities</b>		
<b>Profit for the period</b>	<b>6 696</b>	<b>870</b>
Adjustments for:		
Depreciation and amortization of non-current assets	1 592	1 948
Share of profit of equity accounted investees	1	0
(Gains)/ losses on the sale of property, plant and equipment	0	3
Net finance income / costs	-596	212
Provision for inventories	4	1
Receipt of government grants	450	0
Movements in provisions and government grants	-394	0
Income tax expense	2 088	323
Change in inventories	-1 469	1 114
Change in trade and other receivables	-289	219
Change in trade and other payables	639	-1 210
Interest paid	-2	0
Income tax paid	-665	-738
<b>Net cash from operating activities</b>	<b>8 055</b>	<b>2 742</b>
 <b>Cash flow from investing activities</b>		
Interest received	9	7
Proceeds from disposal of property, plant and equipment	18	28
Acquisition of property, plant and equipment	-120	-133
Acquisition of intangible assets	-82	-67
<b>Net cash flow from investing activities</b>	<b>-175</b>	<b>-165</b>
 <b>Cash flow from financing activities</b>		
Acquisition of non-controlling interests	0	-26
Proceeds from borrowings	0	200
Repayment of borrowings	-800	0
Payment of principal portion of lease liabilities	-1 135	-1 006
Interest paid on finance lease	-224	-255
Dividends paid	-717	-474
<b>Net cash flow from financing activities</b>	<b>-2 876</b>	<b>-1 561</b>
 <b>Increase in cash and cash equivalents</b>	<b>5 004</b>	<b>1 016</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>8 980</b>	<b>5 152</b>
Effect of exchange rate fluctuations on cash held	38	184
<b>Cash and cash equivalents at the end of period</b>	<b>14 022</b>	<b>6 352</b>

**Consolidated Statement of Changes in Equity**

in thousands of EUR	Share Capital	Share Premium	Statutory reserve capital	Revaluation reserve	Unrealised exchange rate differences	Retained earnings	Total equity attributable to equity holders of the Parent company	Non-controlling interest	Total equity
<b>Balance as at 31 December 2019</b>	<b>3 600</b>	<b>4 967</b>	<b>1 306</b>	<b>355</b>	<b>-15 697</b>	<b>31 793</b>	<b>26 324</b>	<b>3 427</b>	<b>29 751</b>
Profit for the period	0	0	0	0	0	745	745	125	870
Other comprehensive income for the period	0	0	0	0	-2 397	0	-2 397	338	-2 059
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-2 397</b>	<b>745</b>	<b>-1 652</b>	<b>463</b>	<b>-1 189</b>
<b>Transactions with owners, recognised directly in equity</b>									
Dividends declared	0	0	0	0	0	0	0	-474	-474
<b>Total transactions with owners, recognised directly in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-474</b>	<b>-474</b>
<b>Balance as at 30 June 2020 (unaudited)</b>	<b>3 600</b>	<b>4 967</b>	<b>1 306</b>	<b>355</b>	<b>-18 094</b>	<b>32 538</b>	<b>24 672</b>	<b>3 416</b>	<b>28 088</b>
<b>Balance as at 31 December 2020</b>	<b>3 600</b>	<b>4 967</b>	<b>1 306</b>	<b>355</b>	<b>-18 864</b>	<b>33 140</b>	<b>24 504</b>	<b>3 314</b>	<b>27 818</b>
Profit for the period	0	0	0	0	0	6 031	6 031	665	6 696
Other comprehensive income for the period	0	0	0	-355	317	0	-38	307	269
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-355</b>	<b>317</b>	<b>6 031</b>	<b>5 993</b>	<b>972</b>	<b>6 965</b>
<b>Transactions with owners, recognised directly in equity</b>									
Dividends declared	0	0	0	0	0	0	0	-717	-717
<b>Total transactions with owners, recognised directly in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-717</b>	<b>-717</b>
<b>Balance as at 30 June 2021 (unaudited)</b>	<b>3 600</b>	<b>4 967</b>	<b>1 306</b>	<b>0</b>	<b>-18 547</b>	<b>39 171</b>	<b>30 497</b>	<b>3 569</b>	<b>34 066</b>

## Notes to the Interim Report

### Note 1 Summary of significant accounting policies

AS Silvano Fashion Group is a company registered in Estonia. This Interim Report of the Group is prepared for the reporting period ended 30 June 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 6 months of 2021 ended on 30 June 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	30.06.21	31.12.20
Cash on hand	60	66
Current bank accounts in EUR	13 464	8 302
Current bank accounts in other currencies than EUR	138	208
Short-term bank deposits in all currencies	284	211
Short-term guarantee deposits	13	20
Cash in transit	63	173
<b>Total</b>	<b>14 022</b>	<b>8 980</b>

### Note 3 Trade and other receivables

in thousands of EUR	30.06.21	31.12.20
Trade receivables from third parties	1 351	1 079
Trade receivables from related parties	59	0
Impairment of receivables	-58	-57
Tax prepayments	509	471
Other receivables	500	595
<b>Total</b>	<b>2 361</b>	<b>2 088</b>

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	<b>30.06.21</b>	<b>31.12.20</b>
Raw and other materials	3 186	3 691
Work in progress	932	954
Finished goods	14 747	13 065
Other inventories	1 131	817
<b>Total</b>	<b>19 996</b>	<b>18 527</b>

**Note 5 Property, plant and equipment**

in thousands of EUR						
	<b>Land and buildings</b>	<b>Plant and equipment</b>	<b>Other equipment and fixtures</b>	<b>Right-of-use asset</b>	<b>Assets under construction</b>	<b>Total</b>
<b>31.12.2019</b>						
Cost	5 781	17 834	5 354	11 564	63	<b>40 596</b>
Accumulated depreciation	-2 729	-14 623	-4 171	-2 821	0	<b>-24 344</b>
<b>Net book amount</b>	<b>3 052</b>	<b>3 211</b>	<b>1 183</b>	<b>8 743</b>	<b>63</b>	<b>16 252</b>
<b>Movements during 06m 2020</b>						
Additions	0	0	47	359	86	<b>492</b>
Disposals	0	0	-31	0	0	<b>-31</b>
Reclassifications	0	65	53	0	-118	<b>0</b>
Depreciation	-62	-352	-367	-1 140	0	<b>-1 921</b>
Unrealised exchange rate differences	-393	-381	-106	-1 049	-8	<b>-1 937</b>
<b>Closing net book amount</b>	<b>2 597</b>	<b>2 543</b>	<b>779</b>	<b>6 913</b>	<b>23</b>	<b>12 855</b>
<b>30.06.2020</b>						
Cost	5 045	15 786	4 829	10 502	23	<b>36 185</b>
Accumulated depreciation	-2 448	-13 243	-4 050	-3 589	0	<b>-23 330</b>
<b>Net book amount</b>	<b>2 597</b>	<b>2 543</b>	<b>779</b>	<b>6 913</b>	<b>23</b>	<b>12 855</b>
<b>31.12.2020</b>						
Cost	3 709	13 734	4 271	9 372	34	<b>31 120</b>
Accumulated depreciation	-1 932	-11 789	-3 671	-4 037	0	<b>-21 429</b>
<b>Net book amount</b>	<b>1 777</b>	<b>1 945</b>	<b>600</b>	<b>5 335</b>	<b>34</b>	<b>9 691</b>
<b>Movements during 06m 2021</b>						
Additions	0	7	60	1 173	53	<b>1 293</b>
Disposals	0	0	-18	0	0	<b>-18</b>
Reclassifications	0	1	51	0	-52	<b>0</b>
Depreciation	-45	-267	-165	-1 102	0	<b>-1 579</b>
Unrealised exchange rate differences	90	94	36	273	2	<b>495</b>
<b>Closing net book amount</b>	<b>1 822</b>	<b>1 780</b>	<b>564</b>	<b>5 679</b>	<b>37</b>	<b>9 882</b>
<b>30.06.2021</b>						
Cost	3 892	14 349	4 521	11 013	37	<b>33 812</b>
Accumulated depreciation	-2 070	-12 569	-3 957	-5 334	0	<b>-23 930</b>
<b>Net book amount</b>	<b>1 822</b>	<b>1 780</b>	<b>564</b>	<b>5 679</b>	<b>37</b>	<b>9 882</b>

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

### Note 6 Trade and other payables

in thousands of EUR	30.06.21	31.12.20
Trade payables	3 763	4 086
Accrued expenses	529	405
Provisions	29	37
Other payables	1 494	1 055
<b>Total</b>	<b>5 815</b>	<b>5 583</b>

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 June 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 June 2021 AS Silvano Fashion Group had 3 126 shareholders (as of 31 December 2020: 2 931 shareholders).

### Note 8 Earnings per share

The calculation of basic earnings per share for 6 months of 2021 (6 months of 2020) is based on profit attributable to owners and a weighted average number of ordinary shares.

in thousands of shares	06m 2021	06m 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
<b>Weighted average number of ordinary shares for the period</b>	<b>36 000</b>	<b>36 000</b>

in thousands of EUR	06m 2021	06m 2020
Profit for the period attributable to equity holders of the Parent company	6 031	745
Basic earnings per share (EUR)	0.17	0.02
Diluted earnings per share (EUR)	0.17	0.02

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	06m 2021	06m 2020
Revenue from wholesale	15 572	11 114
Revenue from retail	7 590	6 538
Subcontracting and services	58	75
Other sales	5	4
<b>Total</b>	<b>23 225</b>	<b>17 731</b>

### 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.

<b>Sales of goods and services</b>		
in thousands of EUR	06m 2021	06m 2020
Associates	360	89
<b>Total</b>	<b>360</b>	<b>89</b>

<b>Balances with related parties</b>		
in thousands of EUR	30.06.2021	31.12.2020
Trade receivables from associates	59	0
<b>Total</b>	<b>59</b>	<b>0</b>

<b>Benefits to key management of the group</b>		
in thousands of EUR	06m 2021	06m 2020
Remunerations and benefits	293	389
<b>Total</b>	<b>293</b>	<b>389</b>

### 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>	06m 2021 and as of 30.06.2021					
	Lingerie retail	Lingerie wholesale	Total segments	Unallocated	Eliminations	Total
Revenue from external customers	7 590	15 572	23 162	63		23 225
Intersegment revenues	0	13 144	13 144	1 276	-14 420	0
<b>EBITDA</b>	<b>3 634</b>	<b>5 614</b>	<b>9 248</b>	<b>285</b>		<b>9 533</b>
Amortization and depreciation	-1 038	-281	-1 319	-273		-1 592
<b>Operating income, EBIT</b>	<b>2 596</b>	<b>5 333</b>	<b>7 929</b>	<b>12</b>	<b>0</b>	<b>7 941</b>
Profit from associates using equity method	0	-1	-1	0		-1
Net financial income	79	-123	-44	888		844
Income tax	-340	-1 049	-1 389	-699		-2 088
<b>Net profit</b>	<b>2 335</b>	<b>4 160</b>	<b>6 495</b>	<b>201</b>	<b>0</b>	<b>6 696</b>
Investments in associates	0	59	59	0		59
Other operating segments assets	4 435	29 192	33 627	15 760		49 387
Reportable segments liabilities	1 920	9 669	11 589	3 791		15 380
Capital expenditures	1 181	193	1 374	1		1 375
Number of employees as of reporting date	518	1 064	1 582	114		1 696
<b>Operating segments</b> <i>in thousands of EUR</i>	<b>06m 2020 and as of 30.06.2020</b>					
	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
<b>EBITDA</b>	<b>2 691</b>	<b>3 111</b>	<b>5 802</b>	<b>129</b>		<b>5 931</b>
Amortization and depreciation	-1 222	-392	-1 614	-334	0	-1 948
<b>Operating income, EBIT</b>	<b>1 469</b>	<b>2 719</b>	<b>4 188</b>	<b>-205</b>	<b>0</b>	<b>3 983</b>
Profit from associates using equity method	0	0	0	0	0	0
Net financial income	-135	-192	-327	-2 463	0	-2 790
Income tax	-129	-442	-571	248	0	-323
<b>Net profit</b>	<b>1 205</b>	<b>2 085</b>	<b>3 290</b>	<b>-2 420</b>	<b>0</b>	<b>870</b>
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

### 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 2021	Revenue 06m 2020	Non-current assets 30.06.2021	Non-current assets 31.12.2020
Russia	13 730	9 429	2 316	1 968
Belarus	5 558	5 863	10 377	10 341
Ukraine	815	413	0	1
Baltics	503	454	347	324
Other countries	2 619	1 572	25	25
<b>Total</b>	<b>23 225</b>	<b>17 731</b>	<b>13 065</b>	<b>12 659</b>