



AS Silvano Fashion Group

Consolidated Interim Financial Report for Q1 of 2021 (unaudited)

(translation of the Estonian original) *

Beginning of the reporting period	1 January 2021
End of the reporting period	31 March 2021
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.*

Contents

Management Report.....	3
Declaration of the Management Board	10
Consolidated Statement of Financial Position.....	11
Consolidated Income Statement.....	12
Consolidated Statement of Comprehensive Income	12
Consolidated Statement of Cash Flows.....	13
Consolidated Statement of Changes in Equity	14
Notes to the Interim Report.....	15
Note 1 Summary of significant accounting policies.....	15
Note 2 Cash and cash equivalents	15
Note 3 Trade and other receivables.....	15
Note 4 Inventories	16
Note 5 Property, plant and equipment.....	16
Note 6 Trade and other payables.....	17
Note 7 Equity	17
Note 8 Earnings per share	17
Note 9 Revenue from contracts with customers.....	17
Note 10 Transactions with related parties	18
Note 11 Operating segments	18

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 2021 the Group employed 1 734 people (as of 31 December 2020: 1 744 people).

The Group comprises of the following entities:

Parent company	Location	Main activity	Ownership interest 31.03.2021	Ownership interest 31.12.2020
AS Silvano Fashion Group	Estonia	Holding		
Entities belonging to the Silvano Fashion Group				
Silvano Fashion ZAO	Russia	Retail and Wholesale	100%	100%
Silvano Fashion OOO	Belarus	Retail and Wholesale	100%	100%
Silvano Fashion TOV	Ukraine	Wholesale	100%	100%
Silvano Fashion SIA	Latvia	Retail	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 10 265 thousand EUR during the Q1 of 2021, representing a 11.1% decrease as compared to the same period for the previous year. The Group's gross profit during the Q1 of 2021 amounted to 6 242 thousand EUR and decreased by 12.7% compared to Q1 of 2020. The Gross margin during the Q1 of 2021 decreased to 60.8% from 61.9% as compared to Q1 of 2020.

Consolidated operating profit for Q1 of 2021 increased by 4.2% to 3 285 thousand EUR, compared to 3 152 thousand EUR in Q1 of 2020. Consolidated EBITDA for Q1 of 2021 decreased by 4.0% and was 4 080 thousand EUR, compared to 4 248 thousand EUR in Q1 of 2020.

Reported consolidated net profit for Q1 of 2021 amounted to 2 564 thousand EUR, as compared to net loss of -1 440 thousand EUR in the prior year's same period. Net profit attributable to equity holders of the Parent company for Q1 of 2021 increased by 260.8% and amounted to 2 261 thousand EUR.

Russia Economic Outlook

Industrial output rose 1.1% year-on-year in March 2021, rebounding from February's 3.2% drop and marking the first increase this year. The reading reflected a broad-based upturn, with activity in the manufacturing, mining and quarrying and electricity, gas, steam and air conditioning supply sub-sectors all improving in March. On a monthly basis, factory output increased 0.7% in seasonally-adjusted terms in March 2021, which was a notch below February's 2021 0.8% expansion. Meanwhile, annual average variation of industrial production was stable coming.

FocusEconomics panelists projects industrial output to increase 3.4% in 2021, which is down 0.3 percentage points from last month's forecast. For 2022, the panel expects industrial production to rise 2.7%.

The Group's sales on the Russian market totalled 6 313 thousand EUR, decrease is 8.3% compared to Q1 of 2020. Local currency sales increased by 10.5% during Q1 of 2021 compared to the same Q1 of 2020. At the end of the reporting period, there were a total of 46 stores operated by the Group itself.

Belarus Economic Outlook

A preliminary estimate revealed that the economy expanded at an annual rate of 0.9% in the first quarter of the year 2021, contrasting Q4's 2020 0.2% contraction. Q1's 2021 print surpassed Q1 2019's GDP figure, with the economy thus returning to pre-pandemic levels. The improvement was driven by a vibrant industrial sector, chiefly due to production in the all-important manufacturing subsector. Looking ahead, the economy should continue to recover amid a buoyant manufacturing sector and higher electricity production thanks to the new Astravets nuclear power plant.

FocusEconomics Consensus Forecast panelists expect the economy to expand 1.5% in 2021, which is up 0.1 percentage points from last month's forecast. For 2022, panelists see GDP growth at 2.0%.

The Group's sales in Belarus in the Q1 of 2021 were 2 460 thousand EUR and decreased by 28.2% compared to the Q1 of 2020. Sales in local currency decreased by 5.5% during the same period. There are currently a total of 61 stores operated by the Group itself.

Ukraine Economic Outlook

Industrial production declined 4.6% year-on-year in February 2021, dropping at a sharper rate than January's 2021 4.0%, and logging the worst contraction in eight months. February's downturn was driven by a broad-based deterioration across all sub-components of the index: Both mining and quarrying, and manufacturing output tumbled at stronger clip, while utilities supply output grew at a weaker rate compared to January. Consumer prices rose 1.70% over the previous month in March 2021, picking up pace from the 0.99% increase logged in February 2021. Inflation rose to 8.5% in March 2021, following February's 2021 7.5%, the highest reading since August 2019

FocusEconomics Consensus Forecast panelists project that industrial output will rise 4.0% in 2021, which is up 0.2 percentage points from last month's forecast, and 3.2% in 2022.

The Group's sales in Ukraine in the Q1 of 2021 were 294 thousand EUR and increased by 23.0% compared to the Q1 of 2020. Sales in local currency increased by 49.4% during the same period.

Sales structure

Sales by markets

Group sales in its 3 major markets – Russia, Belarus and Ukraine – were 88.4% of its total sales. Measured in local currencies sales increase was accordingly – 10.5% in Russia and 49.4% in Ukraine. In Belarus sales in local currency decreased by 5.5%.

	Q1 2021	Q1 2020	Change	Change, %
Russia, th RUB	561 281	508 102	53 179	10.5%
Belarus, th BYN	7 985	8 446	-461	-5.5%
Ukraine, th UAH	9 867	6 603	3 264	49.4%

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

in thousands of EUR	1Q 2021	1Q 2020	Change, EUR	Change, %	1Q 2021, % of sales	1Q 2020, % of sales
Russia	6 313	6 887	-574	-8.3%	61.5%	59.6%
Belarus	2 460	3 428	-968	-28.2%	24.0%	29.7%
Ukraine	294	239	55	23.0%	2.9%	2.1%
Baltics	134	220	-86	-39.0%	1.3%	1.9%
Other markets	1 064	772	292	37.8%	10.3%	6.7%
Total	10 265	11 546	-1 281	-11.1%	100.0%	100.0%

The majority of lingerie sales revenue during Q1 of 2021 in the amount 6 313 thousand EUR was generated in Russia, accounting for 61.5% of total sales. The second largest market was Belarus, where sales were 2 460 thousand EUR, contributing 24.0% of lingerie sales (both retail and wholesale). Volumes in Ukraine were 294 thousand EUR, accounting for 2.9% of total sales.

Sales by business segments

in thousands of EUR	1Q 2021	1Q 2020	Change, EUR	Change, %	1Q 2021, % of sales	1Q 2020, % of sales
Wholesale	6 910	7 427	-517	-7.0%	67.3%	64.3%
Retail	3 326	4 088	-762	-18.6%	32.4%	35.4%
Other operations	29	31	-2	-6.5%	0.3%	0.3%
Total	10 265	11 546	-1 281	-11.1%	100.0%	100.0%

During Q1 of 2021 wholesale revenue amounted to 6 910 thousand EUR, representing 67.3% of the Group's total revenue (Q1 of 2020: 64.3%). The main wholesale regions were Russia, Belarus and Ukraine.

Our retail revenue decreased by 18.6% and amounted to 3 326 thousand EUR, this represents 32.4% of the Group's total revenue.

Own & franchise store locations, geography

	Own	Franchise	Total
Russia	46	352	398
Ukraine	0	20	20
Belarus	61	0	61
Baltics	5	20	25
Other regions	0	89	89
Total	112	481	593

At the end of the reporting period the Group and its franchising partners operated 561 Milavitsa and 32 Lauma Lingerie brand stores, including 112 stores operated directly by the Group.

Selected Financial Indicators

Summarized selected financial indicators of the Group for Q1 of 2021 compared to Q1 of 2020 and 31.03.2021 compared to 31.12.2020 were as follows:

in thousands of EUR	1Q 2021	1Q 2020	Change
Revenue	10 265	11 546	-11.1%
Gross Profit	6 242	7 146	-12.7%
Operating profit	3 285	3 152	4.2%
EBITDA	4 080	4 248	-4.0%
Net profit for the period	2 564	-1 440	278.1%
Net profit attributable equity holders of the Parent company	2 261	-1 406	260.8%
Earnings per share (EUR)	0,06	-0,04	250.0%
Operating cash flow for the period	3 589	1 876	91.3%

in thousands of EUR	31.03.2021	31.12.2020	Change
Total assets	46 279	42 256	9.5%
Total current assets	32 959	29 597	11.4%
Total equity attributable to equity holders of the Parent company	26 668	24 504	8.8%
Cash and cash equivalents	11 024	8 980	22.8%

Margin analysis, %	1Q 2021	1Q 2020	Change
Gross profit	60,8	61,9	-1.8%
Operating profit	32,0	27,3	17.2%
EBITDA	39,7	36,8	7.9%
Net profit	25,0	-12,5	300.0%
Net profit attributable to equity holders of the Parent company	22,0	-12,2	280.3%

Financial ratios, %	31.03.2021	31.12.2020	Change
ROA	13,9	3,2	334.4%
ROE	24,0	5,6	328.6%
Price to earnings ratio (P/E)	9,5	41,7	-77.2%
Current ratio	3,2	3,4	-5.9%
Quick ratio	1,3	1,3	-0.0%

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 10 265 thousand EUR during Q1 of 2021, representing a 11.1% decrease as compared to the same period of previous year. Overall, retail decreased by 18.6%, measured in EUR.

The Group's gross profit during Q1 of 2021 amounted to 6 242 thousand EUR and decrease by 12.7% compared to previous year. The gross margin during Q1 of 2021 decreased to 60.8%, from 61.9% in the respective period of previous year. The cost of sold goods decreased by 8.6%.

Consolidated operating profit for Q1 of 2021 amounted to 3 285 thousand EUR, compared to 3 152 thousand EUR in Q1 of 2020, increase by 4.2%. The consolidated operating profit margin was 32.0% for Q1 of 2021 (27.3% in Q1 of 2020). Consolidated EBITDA for Q1 of 2021 decreased by 4.0% and amounted to 4 080 thousand EUR, which is 39.7% in margin terms (4 248 thousand EUR and 36.8% for Q1 of 2020).

Reported consolidated net profit attributable to equity holders of the Parent company for Q1 of 2021 amounted to 2 261 thousand EUR, compared to net loss of – 1 406 thousand EUR in Q1 of 2020, net profit (loss) margin attributable to equity holders of the Parent company for Q1 of 2021 was 22.0% against -12.2% in Q1 of 2020.

Financial position

As of 31 March 2021 consolidated assets amounted to 46 279 thousand EUR representing increase by 9.5% as compared to the position as of 31 December 2020.

Trade and other receivables increased by 194 thousand EUR as compared to 31 December 2020 and amounted to 2 282 thousand EUR as of 31 March 2021. Inventory balance increased by 1 124 thousand EUR and amounted to 19 651 thousand EUR as of 31 March 2021.

Equity attributable to equity holders of the Parent company increased by 2 164 thousand EUR and amounted to 26 668 thousand EUR as of 31 March 2021. Current liabilities increased by 1 479 thousand EUR during Q1 of 2021.

Investments

During Q1 of 2021 the Group's investments into property, plant and equipment totalled 78 thousand EUR, in previous year same period 96 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 2021, the Group employed 1 734 employees, including 510 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 Q1 of 2021 amounted to 2 359 thousand EUR (3 145 thousand EUR in Q1 of 2020). The remuneration of key management of the Group, including the key executives of all subsidiaries, totalled 148 thousand EUR.

Shares of AS Silvano Fashion Group

As of 31 March 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 31 March 2021 AS Silvano Fashion Group 3 003 shareholders (as of 31 December 2020: 2 931 shareholders).

As of 31 March 2021 shareholders, whose interest in AS Silvano Fashion Group exceeded 5% included:

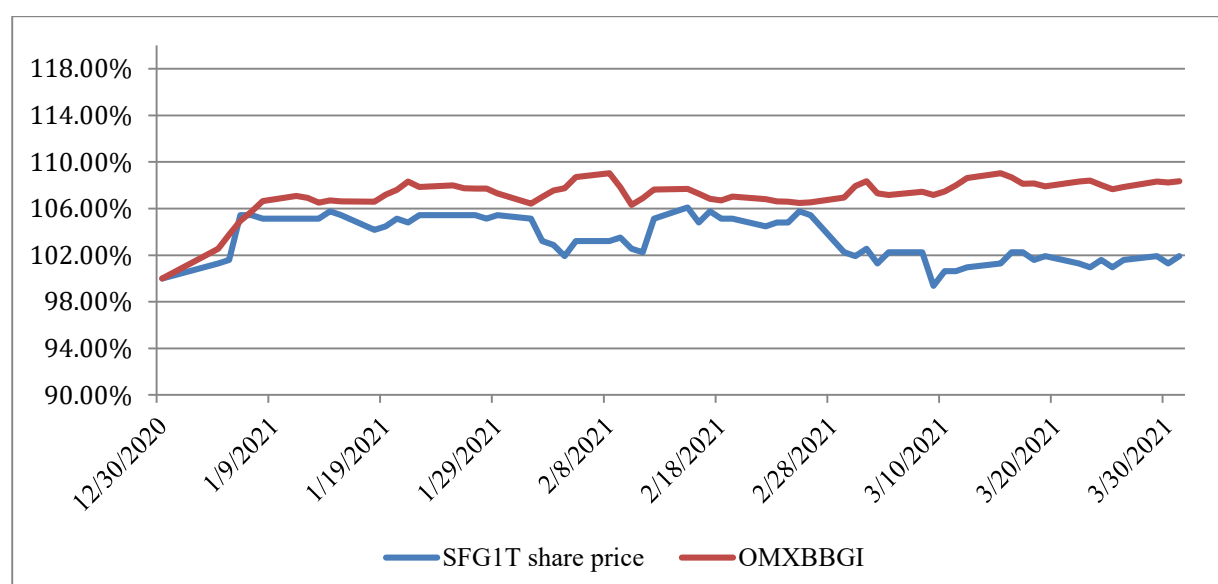
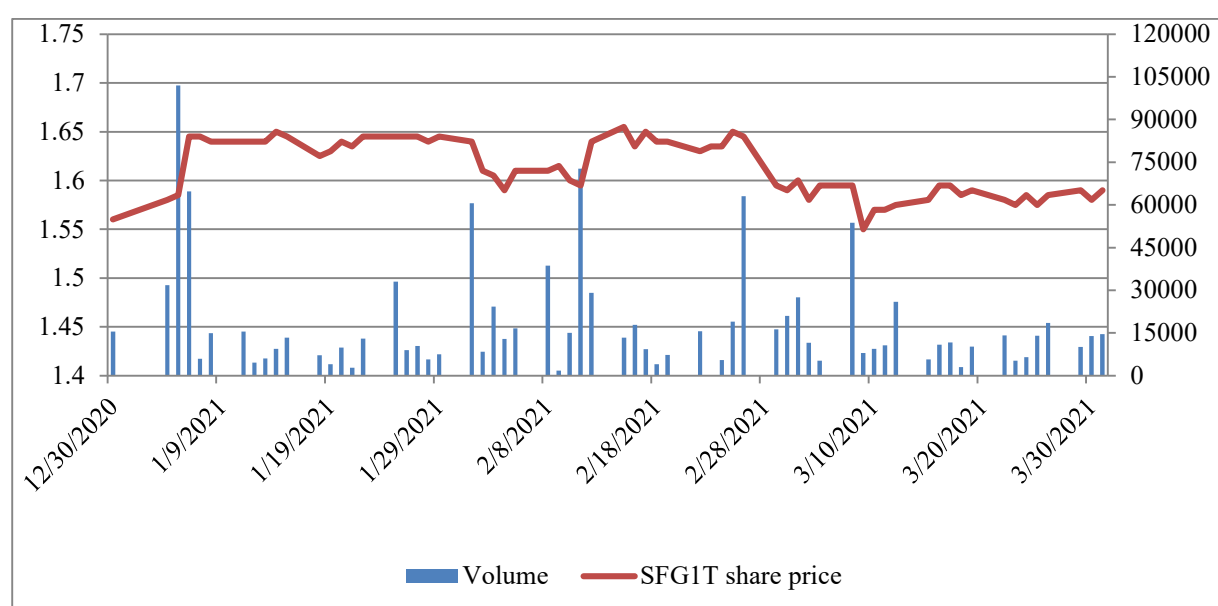
Name	Number of shares	Shareholding
Major shareholders	16 820 000	46.72%
BALTPLAST AS	8 820 000	24.50%
AS SEB PANK CLIENTS	8 000 000	22.22%
Other shareholders	19 180 000	53.28%
Total number of shares	36 000 000	100.00%

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

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

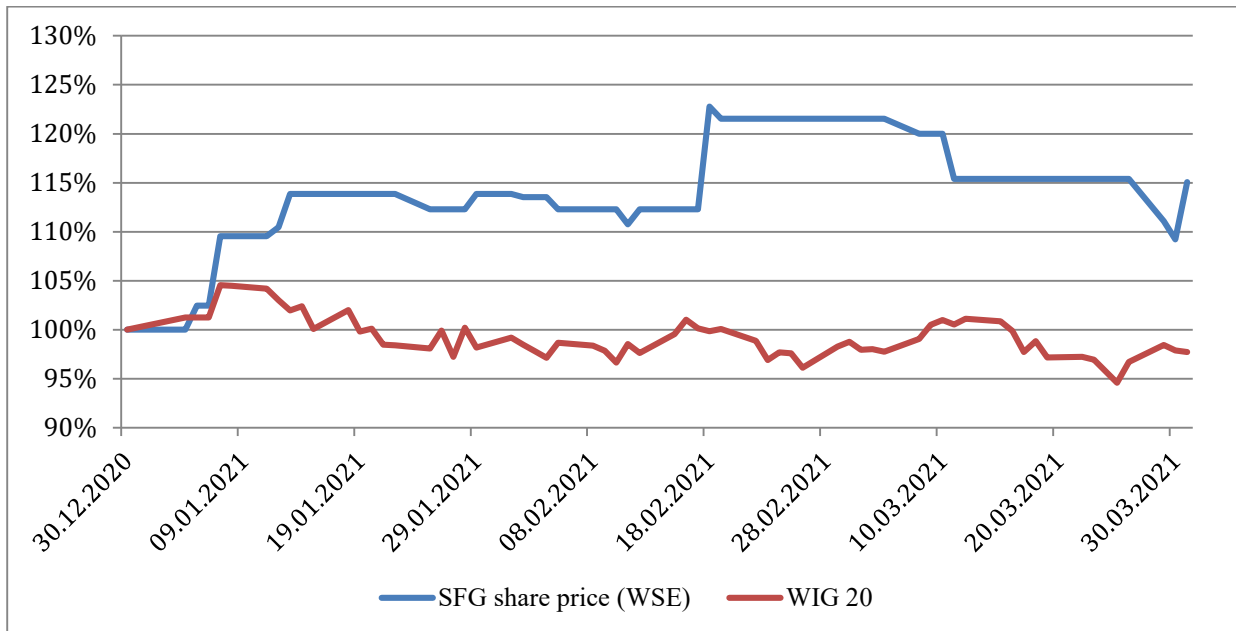
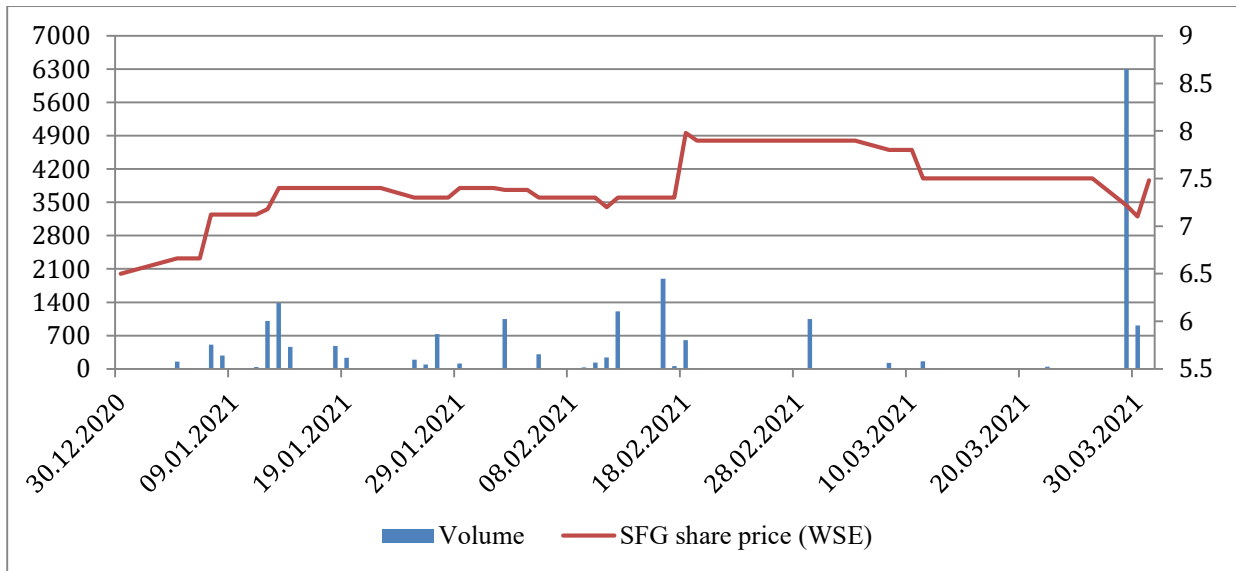
Share price development and turnover on the Tallinn Stock Exchange during Q1 of 2021 (EUR)

During Q1 of 2021 the highest and lowest prices of the AS Silvano Fashion Group` share on the Tallinn Stock Exchange were 1.675 EUR and 1.55 EUR, respectively



Share price development on the Warsaw Stock Exchange during Q1 of 2021 (PLN)

During Q1 of 2021, the highest and lowest prices of the AS Silvano Fashion Group` share on the Warsaw Stock Exchange were 7.98 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 Q1 of 2021 (hereinafter “the Interim Report”).

Member of the Management Board confirms that according to his best knowledge the Interim Report gives a true and fair view of financial position of the Group, its financial performance and its cash flows in accordance with International Financial Reporting Standards, as adopted by EU, and IAS 34 “Interim Financial Reporting”.

Furthermore, Member of the Management Board confirms that in his opinion the Interim Report provides a fair review of significant developments in the Group's activities that occurred during the reporting period and their impact and describes significant risks and uncertainties that may affect the Group during future reporting periods.

The Interim Report has not been audited or otherwise reviewed by the auditors.



Jarek Sārgava
Member of the Management Board
May 14, 2021

Consolidated Statement of Financial Position

in thousands of EUR	Note	31.03.2021	31.12.2020
		Unaudited	Audited
ASSETS			
Current assets			
Cash and cash equivalents	2	11 024	8 980
Current loans granted		2	2
Trade and other receivables	3	2 282	2 088
Inventories	4	19 651	18 527
Total current assets		32 959	29 597
Non-current assets			
Long-term receivables		250	249
Investments in associates		53	57
Investments in other shares		245	238
Deferred tax asset		1 071	1 032
Intangible assets		426	374
Investment property		1 039	1 018
Property, plant and equipment	5	10 236	9 691
Total non-current assets		13 320	12 659
TOTAL ASSETS		46 279	42 256
LIABILITIES AND EQUITY			
Current liabilities			
Short-term borrowings		0	400
Short-term lease liabilities		1 881	2 121
Trade and other payables	6	6 363	5 583
Government Grants		52	0
Tax liabilities		1 962	675
Total current liabilities		10 258	8 779
Non-current liabilities			
Deferred tax liability		531	500
Long-term borrowings		0	400
Long-term lease obligations		5 518	4 707
Long-term provisions		54	52
Total non-current liabilities		6 103	5 659
Total liabilities		16 361	14 438
Equity			
Share capital	7	3 600	3 600
Share premium		4 967	4 967
Statutory reserve capital		1 306	1 306
Revaluation reserve		355	355
Unrealised exchange rate differences		-18 961	-18 864
Retained earnings		35 401	33 140
Total equity attributable to equity holders of the Parent company		26 668	24 504
Non-controlling interest		3 250	3 314
Total equity		29 918	27 818
TOTAL EQUITY AND LIABILITIES		46 279	42 256

Consolidated Income Statement

in thousands of EUR	Note	Q1 2021	Q1 2020
		Unaudited	Unaudited
Revenue from contracts with customers	9	10 265	11 546
Cost of goods sold		-4 023	-4 400
Gross Profit		6 242	7 146
Distribution expenses		-2 110	-2 734
Administrative expenses		-885	-1 122
Other operating income		181	59
Other operating expenses		-143	-197
Operating profit		3 285	3 152
Currency exchange income/(expense)		455	-4 730
Other finance income/(expenses)		-110	-125
Net financial income/(expenses)		345	-4 855
Profit (loss) from associates using equity method		-6	0
Profit before tax		3 624	-1 703
Income tax expense		-1 060	263
Profit for the period		2 564	-1 440
Attributable to :			
Equity holders of the Parent company		2 261	-1 406
Non-controlling interest		303	-34
Earnings per share from profit attributable to equity holders of the Parent company, both basic and diluted (EUR)		0.06	-0.04

Consolidated Statement of Comprehensive Income

in thousands of EUR	Note	Q1 2021	Q1 2020
		Unaudited	Unaudited
Profit for the period		2 564	-1 440
Other comprehensive income for the period			
Other comprehensive income (loss) that will be reclassified to profit or loss in subsequent periods :			
Exchange differences on translation of foreign operations		229	-2 225
Total other comprehensive income for the period		229	-2 225
Total comprehensive income (loss) for the period		2 793	-3 665
Attributable to :			
Equity holders of the Parent company		2 164	-3 983
Non-controlling interest		629	318

Consolidated Statement of Cash Flows

in thousands of EUR	Note	1Q 2021	1Q 2020
		Unaudited	Unaudited
Cash flow from operating activities			
Profit for the period		2 564	-1 440
Adjustments for:			
Depreciation and amortization of non-current assets		795	1 096
Share of profit of equity accounted investees		6	0
(Gains)/ losses on the sale of property, plant and equipment		0	2
Net finance income / costs		-604	305
Provision for inventories		3	1
Receipt of government grants		150	0
Movements in provisions and government grants		-98	0
Income tax expense		1 060	-263
Change in inventories		-1 124	2 137
Change in trade and other receivables		-208	243
Change in trade and other payables		1 192	-86
Interest paid		-2	0
Income tax paid		-145	-119
Net cash from operating activities		3 589	1 876
Cash flow from investing activities			
Interest received		4	5
Proceeds from disposal of property, plant and equipment		0	28
Acquisition of property, plant and equipment		-78	-96
Acquisition of intangible assets		-48	-50
Net cash flow from investing activities		-122	-113
Cash flow from financing activities			
Acquisition of non-controlling interests		0	-26
Repayment from borrowings		-800	0
Payment of principal portion of lease liabilities		-530	-682
Interest paid on finance lease		-114	-136
Net cash flow from financing activities		-1 444	-844
Increase in cash and cash equivalents		2 023	919
Cash and cash equivalents at the beginning of period		8 980	5 152
Effect of exchange rate fluctuations on cash held		21	279
Cash and cash equivalents at the end of period		11 024	6 350

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 2019	3 600	4 967	1 306	355	-15 697	31 793	26 324	3 427	29 751
Profit for the period	0	0	0	0	0	-1 406	-1 406	-34	-1 440
Other comprehensive income for the period	0	0	0	0	-2 577	0	-2 577	352	-2 225
Total comprehensive income 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 (unaudited)	3 600	4 967	1 306	355	-18 274	30 387	22 341	3 300	25 641
Balance as at 31 December 2020	3 600	4 967	1 306	355	-18 864	33 140	24 504	3 314	27 818
Profit for the period	0	0	0	0	0	2 261	2 261	303	2 564
Other comprehensive income for the period	0	0	0	0	-97	0	-97	326	229
Total comprehensive income for the period	0	0	0	0	-97	2 261	2 164	629	2 793
Transactions with owners, recognised directly in equity									
Dividends declared	0	0	0	0	0	0	0	-693	-693
Total transactions with owners, recognised directly in equity	0	0	0	0	0	0	0	-693	-693
Balance as at 31 March 2021 (unaudited)	3 600	4 967	1 306	355	-18 961	35 401	26 668	3 250	29 918

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 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 Q1 of 2021 ended on 31 March 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	31.03.21	31.12.20
Cash on hand	48	66
Current bank accounts in EUR	8 969	8 302
Current bank accounts in other currencies than EUR	1 896	208
Short-term bank deposits in all currencies	31	211
Short-term guarantee deposits	20	20
Cash in transit	60	173
Total	11 024	8 980

Note 3 Trade and other receivables

in thousands of EUR	31.03.21	31.12.20
Trade receivables from third parties	1 351	1 079
Trade receivables from related parties	0	0
Allowance for impairment of receivables	-57	-57
Tax prepayments	465	471
Other receivables	523	595
Total	2 282	2 088

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

Note 4 Inventories

in thousands of EUR	31.03.21	31.12.20
Raw and other materials	3 346	3 691
Work in progress	788	954
Finished goods	14 459	13 065
Other inventories	1 058	817
Total	19 651	18 527

Note 5 Property, plant and equipment

in thousands of EUR	Land and buildings	Plant and equipment	Other equipment and fixtures	Right-of-use asset	Assets under construction	Total
31.12.2019						
Cost	5 781	17 834	5 354	11 564	63	40 596
Accumulated depreciation	-2 729	-14 623	-4 171	-2 821	0	-24 344
Net book amount	3 052	3 211	1 183	8 743	63	16 252
Movements during 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
31.12.2020						
Cost	3 709	13 734	4 271	9 372	34	31 120
Accumulated depreciation	-1 932	-11 789	-3 671	-4 037	0	-21 429
Net book amount	1 777	1 945	600	5 335	34	9 691
Movements during 03m 2021						
Additions	0	7	61	972	10	1 050
Reclassifications	0	0	20	0	-20	0
Depreciation	-22	-134	-88	-545	0	-789
Unrealised exchange rate differences	50	56	-18	196	0	284
Closing net book amount	1 805	1 874	575	5 958	24	10 236
31.03.2021						
Cost	3 811	14 081	4 399	10 636	24	32 951
Accumulated depreciation	-2 006	-12 207	-3 824	-4 678	0	-22 715
Net book amount	1 805	1 874	575	5 958	24	10 236

The Group didn't have any significant binding commitments to purchase property plant and equipment as of 31 March 2021.

Note 6 Trade and other payables

in thousands of EUR	31.03.21	31.12.20
Trade payables	3 837	4 086
Accrued expenses	517	405
Provisions	15	37
Other payables	1 994	1 055
Total	6 363	5 583

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

Note 7 Equity

Shares

As of 31 March 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 31 March 2021 AS Silvano Fashion Group had 3 003 shareholders (as of 31 December 2020: 2 931 shareholders).

Note 8 Earnings per share

The calculation of basic earnings per share for Q1 of 2021 (Q1 of 2020) is based on profit attributable to owners and a weighted average number of ordinary shares.

in thousands of shares	Q1 2021	Q1 2020
Number of ordinary shares at the beginning of the period	36 000	36 000
Effect of own shares held at the beginning of the period	0	0
Number of ordinary shares at the end of the period	36 000	36 000
Effect of own shares held at the end of the period	0	0
Weighted average number of ordinary shares for the period	36 000	36 000

in thousands of EUR	Q1 2021	Q1 2020
Profit for the period attributable to equity holders of the Parent company	2 261	- 1 406
Basic earnings per share (EUR)	0.06	-0.04
Diluted earnings per share (EUR)	0.06	-0.04

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	1Q 2021	1Q 2020
Revenue from wholesale	6 910	7 427
Revenue from retail	3 326	4 088
Subcontracting and services	27	31
Other sales	2	0
Total	10 265	11 546

Note 10 Transactions with related parties

The following parties are considered to be related;

- a) Shareholders owning, directly or indirectly, a voting power in the parent company or its significant subsidiaries that gives them significant influence over the parent company or its significant subsidiaries and companies under their control.
- b) Associates - enterprises in which parent company or its subsidiaries have significant influence;
- c) Members of the Management Board and Supervisory Boards of parent company and its significant subsidiaries and their immediate family members and companies under their control or significant influence.

The Group's owners are legal and physical persons and no sole shareholder has control over the Group's activities. According to management's assessment, the prices applied in transactions with related parties did not differ significantly from the market terms.

Sales of goods and services

in thousands of EUR	1Q 2021	1Q 2020
Associates	19	1 273
Total	19	1 273

Balances with related parties

in thousands of EUR	31.03.2021	31.12.2020
Trade receivables from associates	0	0
Total	0	0

Benefits to key management of the group

in thousands of EUR	1Q 2021	1Q 2020
Remunerations and benefits	148	210
Total	148	210

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>	1Q 2021 and as of 31.03.2021			Unallocated	Eliminations	Total
	Lingerie retail	Lingerie wholesale	Total segments			
Revenue from external customers	3 326	6 910	10 236	29		10 265
Intersegment revenues	0	6 177	6 177	619	-6 796	0
EBITDA	1 538	2 416	3 954	126		4 080
Amortization and depreciation	-525	-135	-660	-135		-795
Operating income, EBIT	1 013	2 281	3 294	-9	0	3 285
Profit from associates using equity method	0	-6	-6	0		-6
Net financial income	6	-64	-58	403		345
Income tax	-113	-477	-590	-470		-1 060
Net profit	906	1 734	2 640	-76	0	2 564
Investments in associates	0	53	53	0		53
Other operating segments assets	4 654	31 263	35 917	10 309		46 226
Reportable segments liabilities	2 012	10 586	12 598	3 763		16 361
Capital expenditures	975	123	1 098	0		1 098
Number of employees as of reporting date	510	1 109	1 619	115		1 734
Operating segments <i>in thousands of EUR</i>	1Q 2020 and as of 31.03.2020					
	Lingerie retail	Lingerie wholesale	Total segments	Unallocated	Eliminations	Total
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	-372	-151	-523	-4 332	0	-4 855
Income tax	-33	-303	-336	599	0	263
Net profit	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

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 2021	Revenue Q1 2020	Non-current assets 31.03.2021	Non-current assets 31.12.2020
Russia	6 313	6 887	2 368	1 968
Belarus	2 460	3 428	10 529	10 341
Ukraine	294	239	0	1
Baltics	134	220	398	324
Other countries	1 064	772	25	25
Total	10 265	11 546	13 320	12 659