



AS Silvano Fashion Group

Consolidated Interim Financial Report for Q4 and 12 months of 2018 (unaudited)

(translation of the Estonian original) *

Beginning of the reporting period	1 January 2018
End of the reporting period	31 December 2018
Business name	AS Silvano Fashion Group
Registration number	10175491
Legal address	Tulika 15/17, 10613 Tallinn
Telephone	+372 684 5000
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E-mail	info@silvanofashion.com
Website	www.silvanofashion.com
Core activities	Design, manufacturing and distribution of women's lingerie
Auditor	Ernst & Young Baltic AS

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

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Management Report

General information about AS Silvano Fashion Group

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

The parent company of the Group is AS Silvano Fashion Group (hereinafter “the Parent company”), which is domiciled in Estonia. AS Silvano Fashion Group registered address is Tulika 15/17, 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 December 2018 the Group employed 2 073 people (as of 31 December 2017: 2 279 people).

The Group comprises of the following entities:

Parent company	Location	Main activity	Ownership interest 31.12.2018	Ownership interest 31.12.2017
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	84.96%	84.92%
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 revenue amounted to 62 213 thousand EUR for 12 months of 2018, representing a 0.2% decrease as compared to the same period for the previous year. The Group's gross profit for 12 months of 2018 amounted to 34 619 thousand EUR and increased by 8.5% compared to 12 months of 2017. The Gross margin during the 12 month of 2018 increased to 55.6% from 51.2% as compared to 12 months of 2017.

Consolidated operating profit for 12 months of 2018 increased by 27.2% to 17 736 thousand EUR compared to 13 948 thousand EUR in 12 months of 2017. Consolidated EBITDA for 12 months of 2018 increased by 22.7% and was 19 310 thousand EUR, compared to 15 735 thousand EUR in 12 months of 2017.

Reported consolidated net profit for 12 months of 2018 amounted to 11 525 thousand EUR, increasing by 1.2% as compared to the result of 11 393 thousand EUR in the prior year's same period. Net profit attributable to equity holders of the Parent company for 12 months of 2018 decreased by 1.1% and amounted to 10 796 thousand EUR.

According to the Russian Federal State Statistics Service (Rosstat), monthly inflation rate in Russia was 0.84% in December 2018. That is 0.34 more than it was in November 2018 and 0.42 more than in December 2017. At the same time, 2018 year to date inflation rate is 4.27% and year over year inflation rate is 4.27%. The economy is expected to slow this year. A hike in the VAT will likely limit private consumption, while constrained oil output will continue to hold back the energy sector. FocusEconomics analysts project GDP to grow 1.5% this year, unchanged from last month's forecast. In 2020, GDP is seen increasing 1.7%

The Group's sales on the Russian market totalled 37 272 thousand EUR, increase is 7.0% compared to 12 months of 2017. Local currency sales increased by 19.4% during 12 months of 2018 compared to the same 12 months of 2017. The Group's Russian subsidiary opened 5 new stores during 12 months of 2018, a total of 41 own stores are now operating. The Group will continue opening its own stores. In addition to growing sales and better control of the market, this allows further development of the retail concept of the Group's brands to make it more attractive for us and our franchise retail partners.

According to Belstat Inflation in Belarus in 2018 was 5.6%. Industrial production growth decelerated to 1.3% year-on-year in December, down from November's 3.1% expansion. Looking at 2018 as a whole, annual average industrial production grew 5.7%, below 2017's 6.1%. FocusEconomics Consensus Forecast panelists project that industrial production will expand 4.3% in 2019, which is unchanged from last month's projection. For 2020, panelists expect industrial production to rise 3.8%.

The Group's sales in Belarus in the 12 months of 2018 were 15 773 thousand EUR and decreased by 12.5% compared to the 12 months of 2017. Sales in local currency decreased by 5.5% during the same period. In Belarus the Group will focus on improving profitability of its retail business, we will also continue to expand our store chain there depending on the availability of reasonably priced sales areas.

According to the data released by the State Statistics Service of Ukraine, monthly inflation rate in Ukraine was 0.80% in December 2018. That is 0.60 less than it was in November 2018 and 0.20 less than in December 2017. At the same time, 2018 year to date inflation rate is 9.78% and year over year inflation rate is 9.78%. Annual average growth in industrial output slowed to 1.0% in December, from 1.3% in November. Looking at sequential data, industrial production dropped 1.7% month-on-month in December, improving marginally from a 2.1% drop in the previous month. FocusEconomics Consensus Forecast panelists project that industrial output will grow 2.6% in 2019, which is down 0.2 percentage points from last month's forecast. For 2020, the panel expects industrial production to rise 2.9%.

The Group's sales in Ukraine in the 12 months of 2018 increased by 468 thousand EUR, which is 18.5% more than in the previous year's same period. Sales in local currency increased by 19.7% during the same period.

Sales structure

Sales by markets

Group sales in its 3 major markets – Russia, Belarus and Ukraine – were 90.1% of its total sales. Measured in local currencies sales decrease was 5.5% in Belarus. In Russia and Ukraine sales in local currencies increased accordingly 19.4% and 19.7%

	12m 2018	12m 2017	Change	Change, %
Russia, th RUB	2 720 748	2 278 709	442 039	19.4%
Belarus, th BYN	37 107	39 262	-2 155	-5.5%
Ukraine, th UAH	89 992	75 201	14 791	19.7%

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

in thousands of EUR	12m 2018	12m 2017	Change, EUR	Change, %	12m 2018, % of sales	12m 2017, % of sales
Russia	37 272	34 838	2 434	7.0%	59.9%	55.9%
Belarus	15 773	18 024	-2 251	-12.5%	25.4%	28.9%
Ukraine	2 999	2 531	468	18.5%	4.8%	4.1%
Baltics	1 582	1 685	-103	-6.1%	2.5%	2.7%
Other markets	4 587	5 270	-683	-13.0%	7.4%	8.4%
Total	62 213	62 348	-135	-0.2%	100.0%	100.0%

The majority of lingerie sales during 12 months of 2018 in the amount of 37 272 thousand EUR were generated in Russia, accounting for 59.9% of total sales. The second largest market was Belarus, where sales were 15 773 thousand EUR, contributing 25.4% of lingerie sales (both retail and wholesale). Volumes in Ukraine increased to 2 999 thousand EUR, accounting for 4.8% of total sales.

Sales by business segments

in thousands of EUR	12m 2018	12m 2017	Change, EUR	Change, %	12m 2018, % from sales	12m 2017, % from sales
Wholesale	42 148	41 984	164	0.4%	67.7%	67.3%
Retail	19 999	20 268	-269	-1.3%	32.2%	32.5%
Other operations	66	96	-30	-31.3%	0.1%	0.2%
Total	62 213	62 348	-135	-0.2%	100.0%	100.0%

During 12 months of 2018 wholesale sales amounted to 42 148 thousand EUR, representing 67.7% of the Group's total sales (12 months of 2017: 67.3%). The main wholesale regions were Russia, Belarus and Ukraine. Our retail sales decreased by 1.3% and amounted to 19 999 thousand EUR, which represents 32.2% of the Group's total sales.

Own & franchise store locations, geography

	Own	Franchise	Total
Russia	41	360	401
Ukraine	0	76	76
Belarus	62	0	62
Baltics	8	26	34
Other regions	0	120	120
Total	111	582	693

At the end of the reporting period the Group and its franchising partners operated 647 Milavitsa and 46 Lauma Lingerie brand stores, including 111 stores operated directly by the Group.

Selected Financial Indicators

Summarized selected financial indicators of the Group for 12 months of 2018 compared to 12 months of 2017 and 31.12.2018 compared to 31.12.2017 were as follows:

in thousands of EUR	12m 2018	12m 2017	Change
Revenue	62 213	62 348	-0.2%
EBITDA	19 310	15 735	22.7%
Net profit for the period	11 525	11 393	1.2%
Net profit attributable equity holders of the Parent company	10 796	10 914	-1.1%
Earnings per share (EUR)	0,30	0,30	0.0%
Operating cash flow for the period	11 240	9 178	22.5%

in thousands of EUR	31.12.2018	31.12.2017	Change
Total assets	45 504	52 880	-13.9%
Total current assets	34 904	41 708	-16.3%
Total equity attributable to equity holders of the Parent company	27 462	40 974	-33.0%
Cash and cash equivalents	13 603	21 230	-35.9%

Margin analysis, %	12m 2018	12m 2017	Change
Gross profit	55,6	51,2	8.6%
EBITDA	31,0	25,2	23.0%
Net profit	18,5	18,3	1.1%
Net profit attributable to equity holders of the Parent company	17,4	17,5	-0.6%

Financial ratios, %	31.12.2018	31.12.2017	Change
ROA	22,9	19,9	15.1%
ROE	34,7	27,1	28.0%
Price to earnings ratio (P/E)	7,7	9,5	-18.9%
Current ratio	2,4	4,7	-48.9%
Quick ratio	1,2	2,7	-55.6%

Underlying formulas:

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

Gross profit margin = gross profit / revenue

EBITDA margin = EBITDA / revenue

Net profit margin = net profit / revenue

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

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

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

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

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

Current ratio = current assets / current liabilities

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

Financial performance

The Group's revenue amounted to 62 213 thousand EUR for 12 months of 2018, representing a 0.2% decrease as compared to the same period of previous year. Overall, retail decreased by 1.3% measured in EUR.

The Group's reported gross profit margin for 12 months of 2018 continued to improve increasing to 55.6%, reported gross margin was 51.2% in the respective period of previous year. Consolidated operating profit for 12 months of 2018 amounted to 17 736 thousand EUR, compared to 13 948 thousand EUR in 12 months of 2017. The consolidated operating profit margin was 28.5% for 12 months of 2018 (22.4% in 12 months of 2017). Consolidated EBITDA for 12 months of 2018 was 19 310 thousand EUR, which is 31.0% in margin terms (15 735 thousand EUR and 25.2% for 12 months of 2017).

Reported consolidated net profit attributable to equity holders of the Parent company for 12 months of 2018 amounted to 10 796 thousand EUR, compared to net profit of 10 914 thousand EUR in 12 months of 2017, net profit margin attributable to equity holders of the Parent company for 12 months of 2018 was 17.4% against 17.5% in 12 months of 2017.

Financial position

As of 31 December 2018 consolidated assets amounted to 45 504 thousand EUR representing a decrease of 13.9% as compared to the position as of 31 December 2017.

Trade and other receivables increased by 932 thousand EUR as compared to 31 December 2017 and amounted to 3 648 thousand EUR as of 31 December 2018. Inventory balance decreased by 115 thousand EUR and amounted to 17 645 thousand EUR as of 31 December 2018.

Equity attributable to equity holders of the Parent company decreased by 13 512 thousand EUR and amounted to 27 462 thousand EUR as of 31 December 2018. Current liabilities increased by 5 951 thousand EUR for 12 months of 2018.

Investments

During 12 months of 2018 the Group's investments into property, plant and equipment totalled 497 thousand EUR, in previous year same period 1 226 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 December 2018, the Group employed 2 073 employees, including 500 people in retail operations. The rest were employed in production, wholesale, administration and support operations. In 31.12.2017 there were 2 279 employees, including 506 people in retail operations.

Total salaries and related taxes for 12 months of 2018 amounted to 12 500 thousand EUR (13 994 thousand EUR in 12 months of 2017). The remuneration of key management of the Group, including the key executives of all subsidiaries, totalled 800 thousand EUR.

Decisions made by governing bodies 12 months 2018

On January 12, 2018 Silvano Fashion Group Extraordinary Meeting of Shareholders decided to distribute additional dividends in the amount 0.30 EUR per share (record date 25.01.2018, payment completed on 29.01.2018).

On June 28, 2018 Silvano Fashion Group held its regular Annual General Meeting of Shareholders. The Meeting adopted the following decisions.

- The Meeting approved the 2017 Annual Report.
- The Meeting decided to distribute dividends in the amount 0.20 EUR per share (record date 16.07.2018, payment completed on 24.07.2018).
- The Meeting decided to select audit company Ernst&Young Baltic AS as the auditor of AS Silvano Fashion Group 2018 and 2019 business activities.
- The Meeting decided to extend authority of the Supervisory Board member Mr. Mart Mutso for the next term of authority starting from 1 July 2018 till 30 June 2023.
- The Meeting decided to amend the first sentence of Section 2.1 of the Articles of Association of the Company and approve the sentence of Section 2.1 in the following wording: the minimum amount of the share capital of the Company shall be EUR three million six hundred thousand (3,600,000) and the maximum amount of the share capital shall be EUR fourteen million four hundred thousand (14,400,000) and to amend the second sentence of Section 2.2 of the Articles of Association of the Company and approve the second sentence of Section 2.2 in the following wording: the nominal value of each share is 0.10 euros.
- The Meeting decided to reduce the share capital of the Company by reducing the nominal value of the shares by 0.20 EUR per share (record date 16.07.2018, to be paid out after the registration of the capital reduction is

completed) and amend the Articles of Association accordingly. As of 29 October 2018, Tartu County Court registered the decrease of the share capital to 3 600 thousand EUR according to the resolution of the Annual General Meeting (June 28, 2018). Payment completed on 30.01.2019.

Shares of AS Silvano Fashion Group

As of 31 December 2018 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 December 2018 AS Silvano Fashion Group had 2 080 shareholders (as of 31 December 2017: 1 719 shareholders).

As of 31 December 2018 shareholders, whose interest in AS Silvano Fashion Group exceeded 5% included:

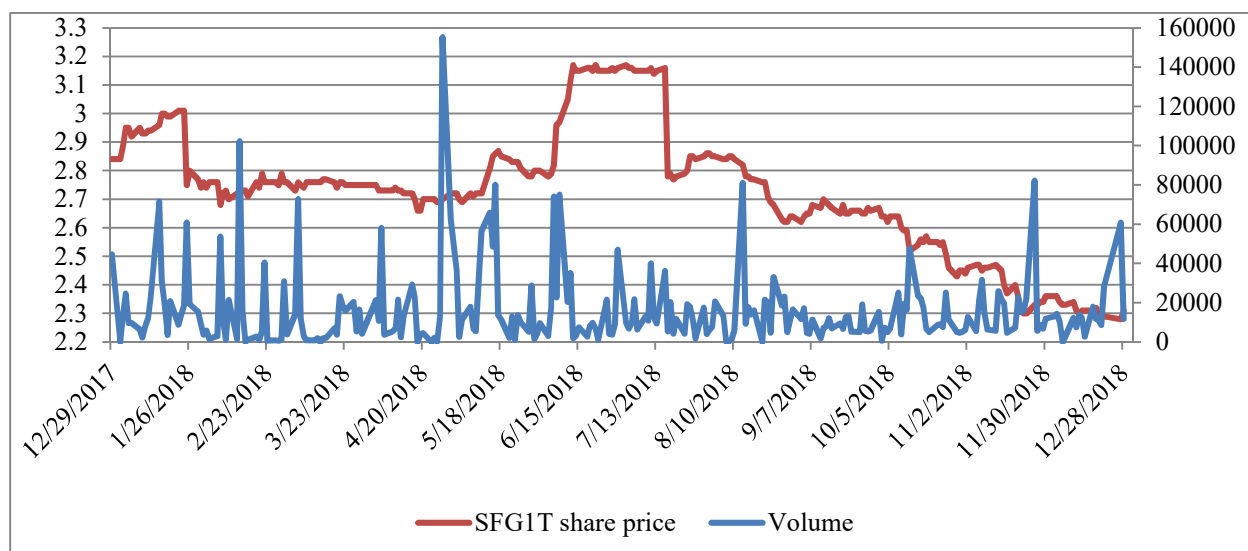
Name	Number of shares	Shareholding
Major shareholders	21 823 624	60.62%
CLEARSTREAM BANKING LUXEMBOURG S.A. CLIENTS	9 011 020	25.03%
AS SEB PANK CLIENTS	8 000 000	22.22%
UNICREDIT BANK AUSTRIA AG	2 858 740	7.94%
KRAJOWY DEPOZYT PAPIEROW WARTOŚCIOWYCH S.A.	1 953 864	5.43%
Other shareholders	14 176 376	39.38%
Total number of shares	36 000 000	100.00%

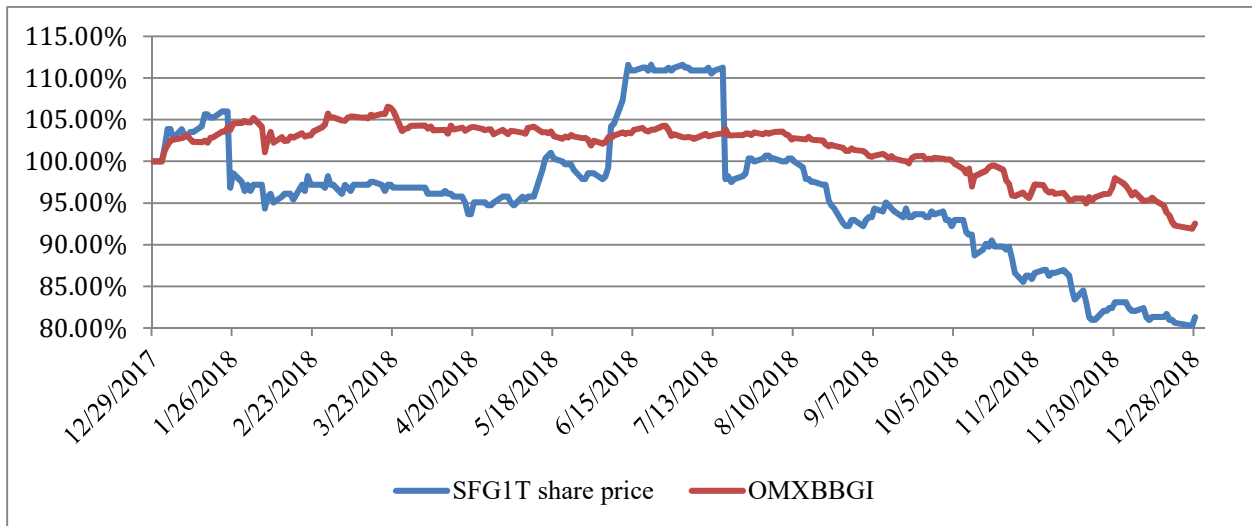
As of 31 December 2017 shareholders, whose interest in AS Silvano Fashion Group exceeded 5% included:

Name	Number of shares	Shareholding
Major shareholders	23 014 883	63.93%
CLEARSTREAM BANKING LUXEMBOURG S.A. CLIENTS	9 003 605	25.01%
AS SEB PANK CLIENTS	8 000 000	22.22%
UNICREDIT BANK AUSTRIA AG	3 490 924	9.70%
KRAJOWY DEPOZYT PAPIEROW WARTOŚCIOWYCH S.A.	2 520 354	7.00%
Other shareholders	12 985 117	36.07%
Total number of shares	36 000 000	100.00%

Share price development and turnover on the Tallinn Stock Exchange during 12 months of 2018 (EUR)

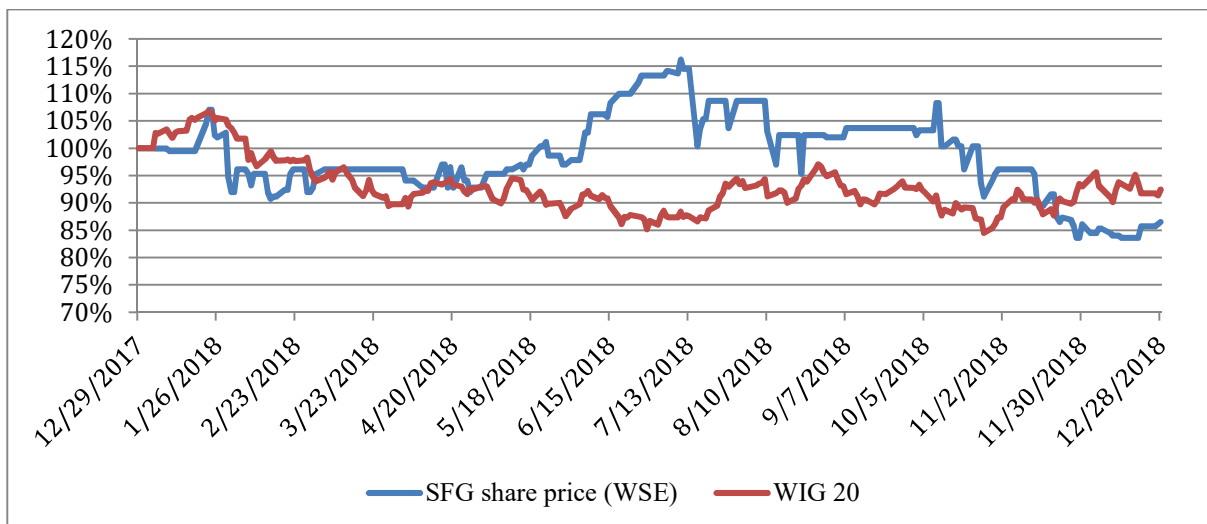
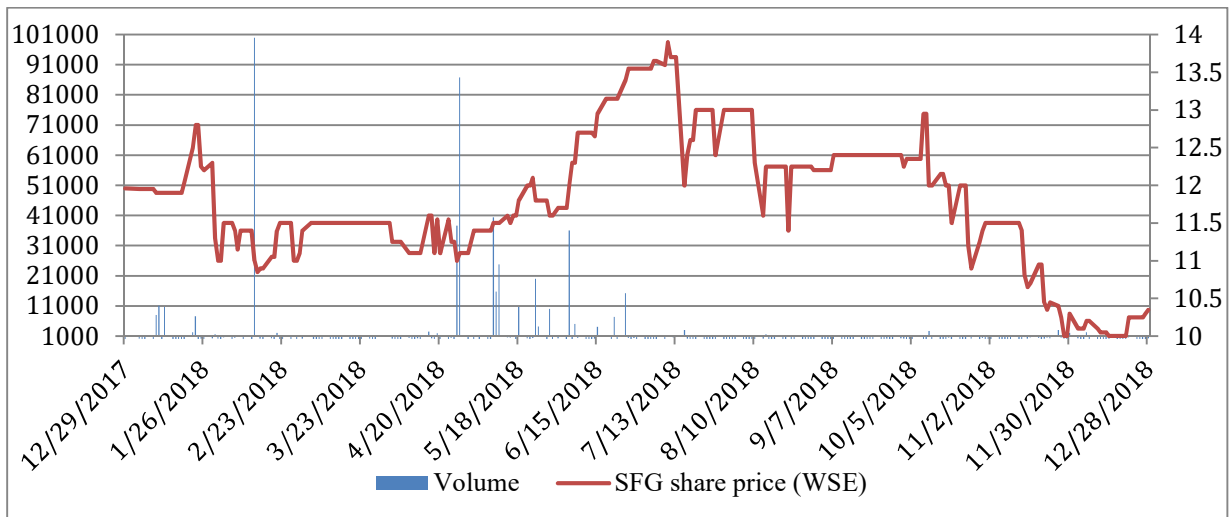
During 12 months of 2018 the highest and lowest prices of the AS Silvano Fashion Group' share on the Tallinn Stock Exchange were 3.18 EUR and 2.27 EUR, respectively





Share price development on the Warsaw Stock Exchange during 12 months of 2018 (PLN)

During 12 months of 2018, the highest and lowest prices of the AS Silvano Fashion Group` share on the Warsaw Stock Exchange were 13.90 PLN and 10.00 PLN respectively.



Declaration of the Management Board

The Management Board of AS Silvano Fashion Group has reviewed and approved Consolidated Interim Financial Report for Q4 and 12 months of 2018 (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
February 22, 2019

Consolidated Statement of Financial Position

in thousands of EUR	Note	31.12.2018	31.12.2017
ASSETS			
Current assets			
Cash and cash equivalents		13 603	21 230
Current loans granted		8	2
Trade and other receivables	2	3 648	2 716
Inventories	3	17 645	17 760
Total current assets		34 904	41 708
Non-current assets			
Long-term receivables		292	255
Investments in associates		64	55
Available-for-sale investments		305	320
Deferred tax asset		1 433	900
Intangible assets		261	217
Investment property		851	920
Property, plant and equipment	4	7 394	8 505
Total non-current assets		10 600	11 172
TOTAL ASSETS		45 504	52 880
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	5	14 163	8 025
Tax liabilities		662	849
Total current liabilities		14 825	8 874
Non-current liabilities			
Deferred tax liability		7	10
Long-term provisions		61	52
Total non-current liabilities		68	62
Total liabilities		14 893	8 936
Equity			
Share capital	6	3 600	10 800
Share premium		8 567	8 567
Statutory reserve capital		1 306	1 306
Revaluation reserve		355	710
Unrealised exchange rate differences		-14 696	-15 588
Retained earnings		28 330	35 179
Total equity attributable to equity holders of the Parent company		27 462	40 974
Non-controlling interest		3 149	2 970
Total equity		30 611	43 944
TOTAL EQUITY AND LIABILITIES		45 504	52 880

Consolidated Income Statement

in thousands of EUR	Note	4Q 2018	4Q 2017	12m 2018	12m 2017
Revenue	8	12 378	12 283	62 213	62 348
Cost of goods sold		-6 227	-5 589	-27 594	-30 435
Gross Profit		6 151	6 694	34 619	31 913
Distribution expenses		-3 007	-2 947	-11 963	-12 081
Administrative expenses		-1 101	-1 197	-4 279	-4 937
Other operating income		84	93	281	323
Other operating expenses		-317	-458	-922	-1 270
Operating profit		1 810	2 185	17 736	13 948
Currency exchange income/(expense)		-922	89	-2 842	1 221
Other finance income/(expenses)		6	29	61	176
Net financial income		-916	118	-2 781	1 397
Profit (loss) from associates using equity method		2	10	20	39
Profit before tax		896	2 313	14 975	15 384
Income tax expense		-138	-646	-3 450	-3 991
Profit for the period		758	1 667	11 525	11 393
Attributable to :					
Equity holders of the Parent company		938	1 605	10 796	10 914
Non-controlling interest		-180	62	729	479
Earnings per share from profit attributable to equity holders of the Parent company, both basic and diluted (EUR)	7	0,03	0,04	0,30	0,30

Consolidated Statement of Comprehensive Income

in thousands of EUR	Note	4Q 2018	4Q 2017	12m 2018	12m 2017
Profit for the period		758	1 667	11 525	11 393
Exchange rate differences attributable to foreign operations		707	43	715	-5 183
Attributable to :					
Equity holders of the Parent company		739	112	892	-4 620
Non-controlling interest		-32	-69	-177	-563
Total comprehensive income for the period		1 465	1 710	12 240	6 210
Attributable to :					
Equity holders of the Parent company		1 677	1 717	11 688	6 294
Non-controlling interest		-212	-7	552	-84

Consolidated Statement of Cash Flows

in thousands of EUR	12m 2018	12m 2017
Cash flow from operating activities		
Profit for the period	11 525	11 393
Adjustments for:		
Depreciation and amortization of non-current assets	1 574	1 787
Share of profit of equity accounted investees	-20	-39
(Gains)/ losses on the sale of PPE and IA	16	7
Net finance income / costs	240	-1 397
Provision for impairment losses on trade receivables	5	-19
Provision for long-term benefits	9	52
Income tax expense	3 450	3 991
Change in inventories	115	-1 573
Change in trade and other receivables	-871	1 081
Change in trade and other payables	-1260	-1 709
Income tax paid	-3 543	-4 396
Net cash from operating activities	11 240	9 178
Cash flow from investing activities		
Interest received	31	127
Dividends received	3	1
Proceeds from disposal of property, plant and equipment	18	463
Proceeds from repayments of loans granted	0	-17
Acquisition of property, plant and equipment	-497	-1 226
Acquisition of intangible assets	-156	-118
Acquisition of shares of a subsidiary	-8	0
Net cash used in/from investing activities	-609	-770
Cash flow from financing activities		
Dividends paid	-18 373	-8 101
Acquisition of own shares	0	-1 522
Net cash used in/ from financing activities	-18 373	-9 623
Increase in cash and cash equivalents	-7 742	-1 215
Cash and cash equivalents at the beginning of period	21 230	22 303
Effect of exchange rate fluctuations on cash held	115	142
Cash and cash equivalents at the end of period	13 603	21 230

Consolidated Statement of Changes in Equity

in thousands of EUR	Share Capital	Share Premium	Treasury shares	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 2016	11 100	10 787	-998	1 306	710	-10 968	31 465	43 402	3 955	47 357
Profit for the period	0	0	0	0	0	0	10 914	10 914	479	11 393
Other comprehensive income for the period	0	0	0	0	0	-4 620	0	-4 620	-563	-5 183
Total comprehensive income for the period	0	0	0	0	0	-4 620	10 914	6 294	-84	6 210
Transactions with owners, recognised directly in equity										
Dividends declared	0	0	0	0	0	0	-7 200	-7 200	-901	-8 101
Cancellation of treasury shares	-300	-2 220	2 520	0	0	0	0	0	0	0
Purchase of treasury shares	0	0	-1 522	0	0	0	0	-1 522	0	-1 522
Total transactions with owners, recognised directly in equity	-300	-2 220	998	0	0	0	-7 200	-8 722	-901	-9 623
Balance as at 31 December 2017	10 800	8 567	0	1 306	710	-15 588	35 179	40 974	2 970	43 944
Balance as at 31 December 2017	10 800	8 567	0	1 306	710	-15 588	35 179	40 974	2 970	43 944
Profit for the period	0	0	0	0	0	0	10 796	10 796	729	11 525
Other comprehensive income for the period	0	0	0	0	-355	892	355	892	-177	715
Total comprehensive income for the period	0	0	0	0	-355	892	11 151	11 688	552	12 240
Transactions with owners, recognised directly in equity										
Dividends declared	0	0	0	0	0	0	-18 000	-18 000	-373	-18 373
Reduction of share capital	-7 200	0	0	0	0	0	0	-7 200	0	-7 200
Total transactions with owners, recognised directly in equity	-7 200	0	0	0	0	0	-18 000	-25 200	-373	-25 573
Balance as at 31 December 2018	3 600	8 567	0	1 306	355	-14 696	28 330	27 462	3 149	30 611

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 December 2018 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 Q4 and 12 months of 2018 ended on 31 December 2018 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 2017, 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 2017 there are no new IFRSs or IFRIC interpretations that are effective for the financial year beginning on or after 1 January 2018 and that would be expected to have a material impact on the Group.

Note 2 Trade and other receivables

in thousands of EUR	31.12.18	31.12.17
Trade receivables from third parties	1 679	1 463
Trade receivables from related parties	25	0
Impairment of receivables	-20	-128
Tax prepayments	969	813
Other receivables	995	568
Total	3 648	2 716

The fair values of trade and other receivables are not materially different from the carrying values based on the expected discounted cash flows. All non-current receivables are due within more than one year from reporting date.

Note 3 Inventories

in thousands of EUR	31.12.18	31.12.17
Raw and other materials	4 137	5 370
Work in progress	1 464	1 068
Finished goods	11 572	10 834
Other inventories	472	488
Total	17 645	17 760

Note 4 Property, plant and equipment

in thousands of EUR					
	Land and buildings	Plant and equipment	Other equipment and fixtures	Assets under construction	Total
31.12.2016					
Cost	6 520	20 013	4 637	34	31 204
Accumulated depreciation	-2 707	-14 455	-3 377	0	-20 539
Net book amount	3 813	5 558	1 260	34	10 665
Movements during 12m 2017					
Additions	5	13	853	355	1 226
Disposals	0	-26	-444	0	-470
Reclassifications	0	84	208	-292	0
Depreciation	-155	-1 006	-466	0	-1 627
Unrealised exchange rate differences	-493	-556	-234	-6	-1 289
Closing net book amount	3 170	4 067	1 177	91	8 505
31.12.2017					
Cost	5 661	17 676	4 552	91	27 980
Accumulated depreciation	-2 491	-13 609	-3 375	0	-19 475
Net book amount	3 170	4 067	1 177	91	8 505
31.12.2017					
Cost	5 661	17 676	4 552	91	27 980
Accumulated depreciation	-2 491	-13 609	-3 375	0	-19 475
Net book amount	3 170	4 067	1 177	91	8 505
Movements during 12m 2018					
Additions	0	16	304	177	497
Disposals	0	-1	-34	1	-34
Reclassifications	2	183	61	-246	0
Depreciation	-115	-950	-410	0	-1 475
Unrealised exchange rate differences	-35	-47	-11	-6	-99
Closing net book amount	3 022	3 268	1 087	17	7 394
31.12.2018					
Cost	5 402	16 086	5 376	17	26 881
Accumulated depreciation	-2 380	-12 818	-4 289	0	-19 487
Net book amount	3 022	3 268	1 087	17	7 394

The Group didn't have any significant binding commitments to purchase property plant and equipment as of 31 December 2018.

Note 5 Trade and other payables

in thousands of EUR	31.12.18	31.12.17
Trade payables	5 226	6 563
Accrued expenses	435	416
Provisions	53	42
Other payables	8 449	1 004
Total	14 163	8 025

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

Note 6 Equity

Shares

As of 31 December 2018 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 2017, 10 800 thousand EUR, 36 000 000 shares and 0.30 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 December 2018 AS Silvano Fashion Group had 2 080 shareholders (as of 31 December 2017 – 1 719 shareholders).

Note 7 Earnings per share

The calculation of basic earnings per share for 12 months of 2018 (for 12 months of 2017) is based on profit attributable to owners and a weighted average number of ordinary shares.

in thousands of shares	12m 2018	12m 2017
Number of ordinary shares at the beginning of the period	36 000	37 000
Effect of own shares held at the beginning of the period	0	-460
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	36 049

in thousands of EUR	12m 2018	12m 2017
Profit for the period attributable to equity holders of the Parent company	10 796	10 914
Basic earnings per share (EUR)	0.30	0.30
Diluted earnings per share (EUR)	0.30	0.30

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	12m 2018	12m 2017
Revenue from wholesale	42 148	41 984
Revenue from retail	19 999	20 268
Subcontracting and services	55	96
Other sales	11	0
Total	62 213	62 348

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	12m 2018	12m 2017
Associates	1 259	1 372
Total	1 259	1 372

Balances with related parties		
in thousands of EUR	31.12.2018	31.12.2017
Trade receivables from associates	25	0
Total	25	0

Benefits to key management of the group		
in thousands of EUR	12m 2018	12m 2017
Remunerations and benefits	800	891
Total	800	891

Note 10 Operating segments

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

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

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

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

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

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

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

Operating segments as of 31.12.18 <i>in thousands of EUR</i>	12m 2018					
	Lingerie retail	Lingerie wholesale	Total segments	Unallocated	Eliminations	Total
Revenue from external customers	19 999	42 148	62 147	66		62 213
Intersegment revenues	0	37 265	37 265	4 114	-41 379	0
EBITDA	5 709	14 031	19 740	-430		19 310
Amortization and depreciation	-360	-755	-1 115	-459	0	-1 574
Operating income, EBIT	5 349	13 276	18 625	-889	0	17 736
Profit from associates using equity method	0	20	20	0	0	20
Net financial income	-42	515	473	-3 254	0	-2 781
Income tax	-635	-2 861	-3 496	46	0	-3 450
Net profit	4 672	10 950	15 622	-4 097	0	11 525
Investments in associates	0	64	64	0	0	64
Other operating segments assets	3 133	30 704	33 837	11 603	0	45 440
Reportable segments liabilities	249	7 161	7 410	7 483	0	14 893
Capital expenditures	263	369	632	21	0	653
Number of employees as of reporting date	500	1 401	1 901	172		2 073
Operating segments as of 31.12.17 <i>in thousands of EUR</i>	12m 2017					
	Lingerie retail	Lingerie wholesale	Total segments	Unallocated	Eliminations	Total
Revenue from external customers	20 268	41 984	62 252	96		62 348
Intersegment revenues	0	36 669	36 669	4 715	-41 384	0
EBITDA	4 622	10 372	14 994	741		15 735
Amortization and depreciation	-91	-1 168	-1 259	-528	0	-1 787
Operating income, EBIT	4 531	9 204	13 735	213	0	13 948
Profit from associates using equity method	0	39	39	0	0	39
Net financial income	772	272	1 044	353	0	1 397
Income tax	-540	-2 270	-2 810	-1 181	0	-3 991
Net profit	4 763	7 245	12 008	-615	0	11 393
Investments in associates	0	55	55	0	0	55
Other operating segments assets	2 403	39 682	42 085	10 740	0	52 825
Reportable segments liabilities	383	7 973	8 356	580	0	8 936
Capital expenditures	258	1 086	1 344	0	0	1 344
Number of employees as of reporting date	506	1 608	2 114	165		2 279

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 12m 2018	Revenue 12m 2017	Non-current assets 31.12.2018	Non-current assets 31.12.2017
Russia	37 272	34 838	1 688	1 308
Belarus	15 773	18 024	8 665	9 581
Ukraine	2 999	2 531	1	1
Baltics	1 582	1 685	223	258
Other countries	4 587	5 270	23	24
Total	62 213	62 348	10 600	11 172