



AS Silvano Fashion Group

Consolidated Interim Financial Report for Q1 of 2019 (unaudited)

(translation of the Estonian original) *

Beginning of the reporting period	1 January 2019
End of the reporting period	31 March 2019
Business name	AS Silvano Fashion Group
Registration number	10175491
Legal address	Tulika 15/17, 10613 Tallinn
Telephone	+372 684 5000
Fax	+372 684 5300
E-mail	info@silvanofashion.com
Website	www.silvanofashion.com
Core activities	Design, manufacturing and distribution of women's lingerie
Auditor	Ernst & Young Baltic AS

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

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Management Report

General information about AS Silvano Fashion Group

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

The parent company of the Group is AS Silvano Fashion Group (hereinafter “the Parent company”), which is domiciled in Estonia. AS Silvano Fashion Group registered address is Tulika 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 March 2019 the Group employed 2 025 people (as of 31 December 2018: 2 073 people).

The Group comprises of the following entities:

Parent company	Location	Main activity	Ownership interest 31.03.2019	Ownership interest 31.12.2018
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%	84.96%
Yunona OAO	Belarus	Manufacturing and Wholesale	58.33%	58.33%
Gimil OOO	Belarus	Manufacturing and Wholesale	100%	100%
Lauma Lingerie AS	Latvia	Manufacturing and Wholesale	100%	100%
Alisee SARL	Monaco	Holding	99%	99%
Stolichnaja Torgovaja Kompanija “Milavitsa” ZAO	Russia	Holding	100%	100%
Baltsped logistik OOO	Belarus	Logistics	50%	50%

Business environment and results

The Group's sales amounted to 13 820 thousand EUR during the Q1 of 2019, representing a 14.5% decrease as compared to the same period for the previous year. The Group's gross profit during the Q1 of 2019 amounted to 6 455 thousand EUR and decreased by 30.7% compared to Q1 of 2018. The Gross margin during the Q1 of 2019 decreased to 46.7% from 57.6% as compared to Q1 of 2018.

Consolidated operating profit for Q1 of 2019 decreased by 55.1% to 2 322 thousand EUR, compared to 5 173 thousand EUR in Q1 of 2018. Consolidated EBITDA for Q1 of 2019 decreased by 43.3% and was 3 158 thousand EUR, compared to 5 570 thousand EUR in Q1 of 2018.

Reported consolidated net profit for Q1 of 2019 amounted to 3 080 thousand EUR, decreasing by 24.2% as compared to the result of 4 062 thousand EUR in the prior year's same period. Net profit attributable to equity holders of the Parent company for Q1 of 2019 decreased by 16.2% and amounted to 3 098 thousand EUR.

According to the Russian Federal State Statistics Service (Rosstat), monthly inflation rate in Russia was 0.32% in March 2019. That is 0.12 less than it was in February 2019 and 0.03 more than in March 2018. At the same time, 2019 year to date inflation rate is 1.78% and year over year inflation rate is 5.27%. 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. As expected oil prices or additional tough sanctions remain key risks to Russia's outlook. 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 8 684 thousand EUR, decrease is 15.9% compared to 3 months of 2018. Local currency sales decreased by 9.8% during 3 months of 2019 compared to the same 3 months of 2018. The Group's Russian subsidiary opened 3 new stores in Q1 of 2019, a total of 44 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 developing of the retail concept of the Group's brands to make it more attractive for us and our franchise retail partners.

According to Belstat monthly inflation rate in Belarus was 0.88% in January 2019. That is 0.10 more than it was in December 2018 and 0.13 more than in January 2018. At the same time, 2019 year to date inflation rate is 0.88% and year over year inflation rate is 5.78%. Slower retail sales and rising inflation in January-February point to a slowdown in household spending. FocusEconomics Consensus Forecast panelists expect the economy to grow 2.5% in 2019, which is up 0.4 percentage points from last month's projection. For 2020, the panel sees GDP increasing 2.0%.

The Group's sales in Belarus in the 3 months of 2019 were 3 438 thousand EUR and decreased by 5.2% compared to the 3 months of 2018. Sales in local currency decreased by 4.3% during the same period. In Belarus the Group will focus on improving profitability of its retail business.

According to the data released by the State Statistics Service of Ukraine consumer prices rose 0.9% month-on-month in March, up from February's 0.5% increase. The result was largely driven by higher prices for clothing and footwear, as well as for transport. Inflation edged down from 8.8% in February to 8.6% in March, marking the weakest reading in two-and-a-half years. As a result, inflation continued to edge closer to the Central Bank's 6.5% plus or minus 2.0 percentage points target range. Also, annual average inflation also moderated in March, coming in at an over four-year low of 9.8% (February: 10.2%). FocusEconomics Consensus Forecast panelists expect inflation to end 2019 at 7.3%, which is down 0.4 percentage points from last month's forecast. For 2020, the panel sees year-end inflation easing to 6.5%.

The Group's sales in Ukraine in the 3 months of 2019 were 533 thousand EUR and decreased by 30.2% compared to the 3 months of 2018. Sales in local currency decreased by 40.1% during the same period

Sales structure

Sales by markets

Group sales in its 3 major markets – Russia, Belarus and Ukraine – were 91.6% of its total sales. Measured in local currencies sales decrease was accordingly -9.8%, -4.3% and -40.1%

	Q1 2019	Q1 2018	Change	Change, %
Russia, th RUB	646 761	716 987	- 70 226	-9.8%
Belarus, th BYN	8 431	8 811	- 380	-4.3%
Ukraine, th UAH	15 306	25 542	- 10 236	-40.1%

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

in thousands of EUR	1Q 2019	1Q 2018	Change, EUR	Change, %	1Q 2019, % of sales	1Q 2018, % of sales
Russia	8 684	10 327	-1 643	-15.9%	62.8%	63.9%
Belarus	3 438	3 626	-188	-5.2%	24.9%	22.5%
Ukraine	533	764	-231	-30.2%	3.9%	4.7%
Baltics	258	305	-47	-15.4%	1.9%	1.9%
Other markets	907	1 135	-228	-20.1%	6.5%	7.0%
Total	13 820	16 157	-2 337	-14.5%	100.0%	100.0%

The majority of lingerie sales revenue during Q1 of 2019 in the amount 8 684 thousand EUR was generated in Russia, accounting for 62.8% of total sales. The second largest market was Belarus, where sales were 3 438 thousand EUR, contributing 24.9% of lingerie sales (both retail and wholesale). Volumes in Ukraine were 533 thousand EUR, accounting for 3.9% of total sales.

Sales by business segments

in thousands of EUR	1Q 2019	1Q 2018	Change, EUR	Change, %	1Q 2019, % from sales	1Q 2018, % from sales
Wholesale	9 553	11 686	-2 133	-18.3%	69.1%	72.3%
Retail	4 255	4 463	-208	-4.7%	30.8%	27.6%
Other operations	12	8	4	50.0%	0.1%	0.1%
Total	13 820	16 157	-2 337	-14.5%	100.0%	100.0%

During Q1 of 2019 wholesale revenue amounted to 9 553 thousand EUR, representing 69.1% of the Group`s total revenue (Q1 of 2018: 72.3%). The main wholesale regions were Russia, Belarus and Ukraine.

Our retail revenue decreased by 4.7% and amounted to 4 255 thousand EUR, this represents 30.8% of the Group`s total revenue.

Own & franchise store locations, geography

	Own	Franchise	Total
Russia	44	359	403
Ukraine	0	76	76
Belarus	61	0	61
Baltics	8	26	34
Other regions	0	122	122
Total	113	583	696

At the end of the reporting period the Group and its franchising partners operated 650 Milavitsa and 46 Lauma Lingerie brand stores, including 113 stores operated directly by the Group.

Selected Financial Indicators

Summarized selected financial indicators of the Group for Q1 of 2019 compared to Q1 of 2018 and 31.03.2019 compared to 31.12.2018 were as follows:

in thousands of EUR	1Q 2019	1Q 2018	Change
Revenue	13 820	16 157	-14.5%
EBITDA	3 158	5 570	-43.3%
Net profit for the period	3 080	4 062	-24.2%
Net profit attributable equity holders of the Parent company	3 098	3 695	-16.2%
Earnings per share (EUR)	0,09	0,10	-10.0%
Operating cash flow for the period	2 585	4 874	-47.0%

in thousands of EUR	31.03.2019	31.12.2018	Change
Total assets	51 411	45 504	13.0%
Total current assets	32 309	34 904	-7.4%
Total equity attributable to equity holders of the Parent company	30 277	27 462	10.3%
Cash and cash equivalents	8 350	13 603	-38.6%

Margin analysis, %	1Q 2019	1Q 2018	Change
Gross profit	46.7	57.6	-18.9%
EBITDA	22.9	34.5	-33.6%
Net profit	22.3	25.1	-11.2%
Net profit attributable to equity holders of the Parent company	22.4	22.9	-2.2%

Financial ratios, %	31.03.2019	31.12.2018	Change
ROA	15.6	22.9	-31.9%
ROE	24.6	34.7	-29.1%
Price to earnings ratio (P/E)	12.6	7.7	63.6%
Current ratio	2.8	2.4	16.7%
Quick ratio	1.2	1.2	0.0%

Underlying formulas:

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

Gross profit margin = gross profit / revenue

EBITDA margin = EBITDA / revenue

Net profit margin = net profit / revenue

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

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

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

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

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

Current ratio = current assets / current liabilities

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

Financial performance

The Group's sales amounted to 13 820 thousand EUR during Q1 of 2019, representing a 14.5% decrease as compared to the same period of previous year. Overall, wholesales decreased by 18.3%, measured in EUR.

The Group's gross profit during Q1 of 2019 amounted to 6 455 thousand EUR and decrease by 30.7% compared to previous year. The gross margin during Q1 of 2019 decreased to 46.7%, from 57.6% in the respective period of previous year. The cost of sold goods increased by 7.5%.

Consolidated operating profit for Q1 of 2019 amounted to 2 322 thousand EUR, compared to 5 173 thousand EUR in Q1 of 2018, decrease 55.1%. The consolidated operating profit margin was 16.8% for Q1 of 2019 (32.0% in Q1 of 2018). Consolidated EBITDA for Q1 of 2019 decreased by 43.3% and amounted to 3 158 thousand EUR, which is 22.9% in margin terms (5 570 thousand EUR and 34.5% for Q1 of 2018).

Reported consolidated net profit attributable to equity holders of the Parent company for Q1 of 2019 amounted to 3 098 thousand EUR, compared to net profit of 3 695 thousand EUR in Q1 of 2018, net profit margin attributable to equity holders of the Parent company for Q1 of 2019 was 22.4% against 22.9% in Q1 of 2018.

Financial position

As of 31 March 2019 consolidated assets amounted to 51 411 thousand EUR representing an increase by 13.0% as compared to the position as of 31 December 2018.

Trade and other receivables increased by 1 366 thousand EUR as compared to 31 December 2018 and amounted to 5 014 thousand EUR as of 31 March 2019. Inventory balance increased by 1 298 thousand EUR and amounted to 18 943 thousand EUR as of 31 March 2019.

Equity attributable to equity holders of the Parent company increased by 2 815 thousand EUR and amounted to 30 277 thousand EUR as of 31 March 2019. Current liabilities decreased by 3 272 thousand EUR during Q1 of 2019.

Investments

Q1 of 2019 the Group's investments into property, plant and equipment totalled 562 thousand EUR, in previous year same period 119 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 2019, the Group employed 2 025 employees, including 502 people in retail operations. The rest were employed in production, wholesale, administration and support operations. In 31.12.2018 there were 2 073 employees, including 500 people in retail operations.

Total salaries and related taxes during Q1 of 2019 amounted to 3 350 thousand EUR (3 238 thousand EUR in Q1 of 2018). The remuneration of key management of the Group, including the key executives of all subsidiaries, totalled 207 thousand EUR.

Decisions made by governing bodies after Q1 2019

On May 03, 2019 Silvano Fashion Group held its regular Annual General Meeting of Shareholders. The Meeting adopted the following decisions.

- The Meeting approved the 2018 Annual Report.
- The Meeting decided to distribute dividends in the amount 0.20 EUR per share (record date 16.05.2019).
To pay to the entitled shareholders of AS Silvano Fashion Group as dividends EUR 0.20 per share as follows:
 - to pay dividends EUR 0.10 per share by 20 May 2019 latest ;
 - to pay dividends EUR 0.10 per share by 10 October 2019 latest;
- The Meeting decided to recall Mr. Ants Susi from the Supervisory Board of SFG. The authorities of Mr. Ants Susi as the member of the Supervisory Board of SFG shall be deemed to have expired as of May 3, 2019.
- The Meeting decided to elect Triin Nellis as the new member of the Supervisory Board of SFG, whose term of office shall start on May 3, 2019 and expire on June 30, 2021.

- The meeting decided to amend the remuneration policy of the supervisory board members, approved by the shareholders' meeting on June 30, 2012 as follows:
 - to assign monthly gross remuneration of 5,000 euros for the chairman of the supervisory board;
 - to assign monthly gross remuneration of 2,000 euros for the supervisory board;
- The meeting decided to amend section 2.2. of the Articles of Association and reinstate it in the following wording: "All shares of the Company are registered shares. The nominal value of a registered share is 0,20 (twenty) cents. A share grants 1 (one) vote at the General Meeting. ";
- The meeting decided:
 - The share capital of SFG shall be increased by 3,600,000 EUR from 3,600,000 EUR to 7 200 000 EUR by the increase of the nominal value of existing shares by 0,10 EUR per share, i.e. from 0.10 EUR to 0.20 EUR;
 - The share capital of SFG shall be increased via a bonus issue on the account of the share premium. The bonus issue shall be carried out on the basis of the 2018 annual report, that has been approved by the shareholders together with the decision on the distribution of profit. The bonus issue shall be carried out on the account of the share premium in the amount of 3,600,000 EUR. After the bonus issue, the new size of the share capital shall be 7,200,000 EUR that is divided into 36,000,000 shares with the nominal value of 0,20 EUR each share;
 - The list of shareholders who shall be entitled to participate in the bonus issue shall be fixed as at 17 May 2019 as at the end of the working day of the settlement system. The ex-date is 16 May 2019; as of this date a person who acquired shares is not entitled to participate in the bonus issue. The increase of the nominal value of the shares shall take place immediately after the registration of the share capital increase with the Commercial Register.

Shares of AS Silvano Fashion Group

As of 31 March 2019 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 2019 AS Silvano Fashion Group had 2 113 shareholders (as of 31 December 2018: 2 080 shareholders).

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

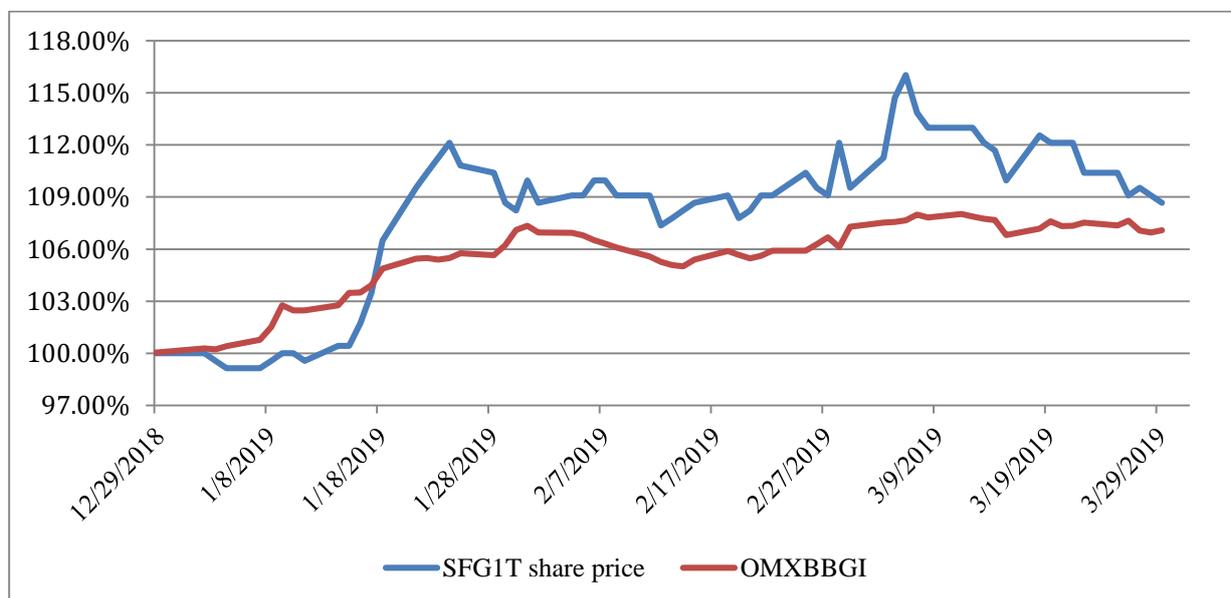
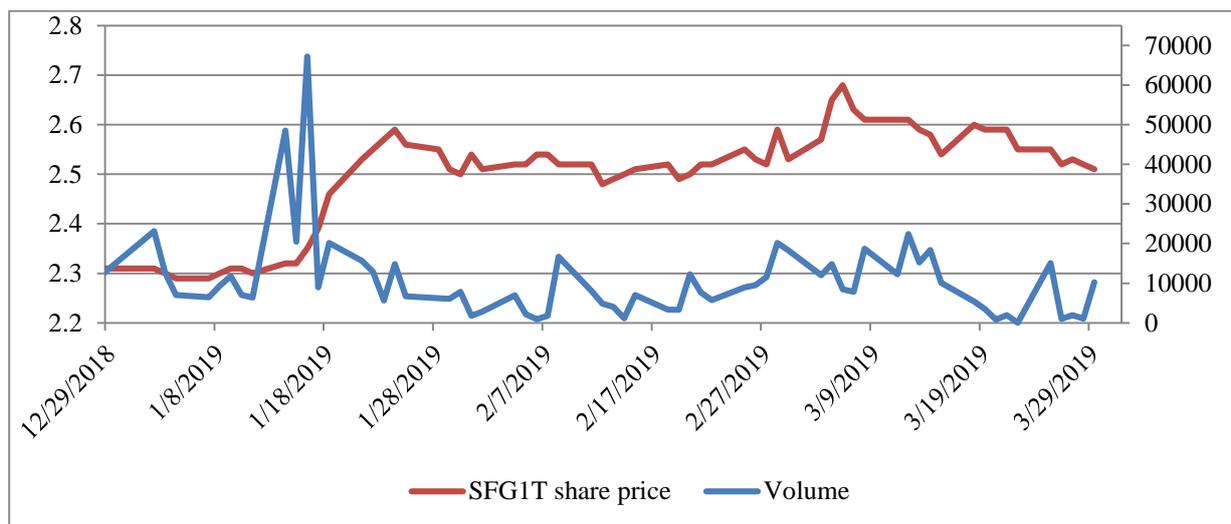
Name	Number of shares	Shareholding
Major shareholders	21 356 158	59.32%
BALTPLAST AS	8 820 000	24.50%
AS SEB PANK CLIENTS	8 000 000	22.22%
UNICREDIT BANK AUSTRIA AG	2 685 670	7.46%
KRAJOWY DEPOZYT PAPIEROW WARTOŚCIOWYCH S.A.	1 850 488	5.14%
Other shareholders	14 643 842	40.68%
Total number of shares	36 000 000	100.00%

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%

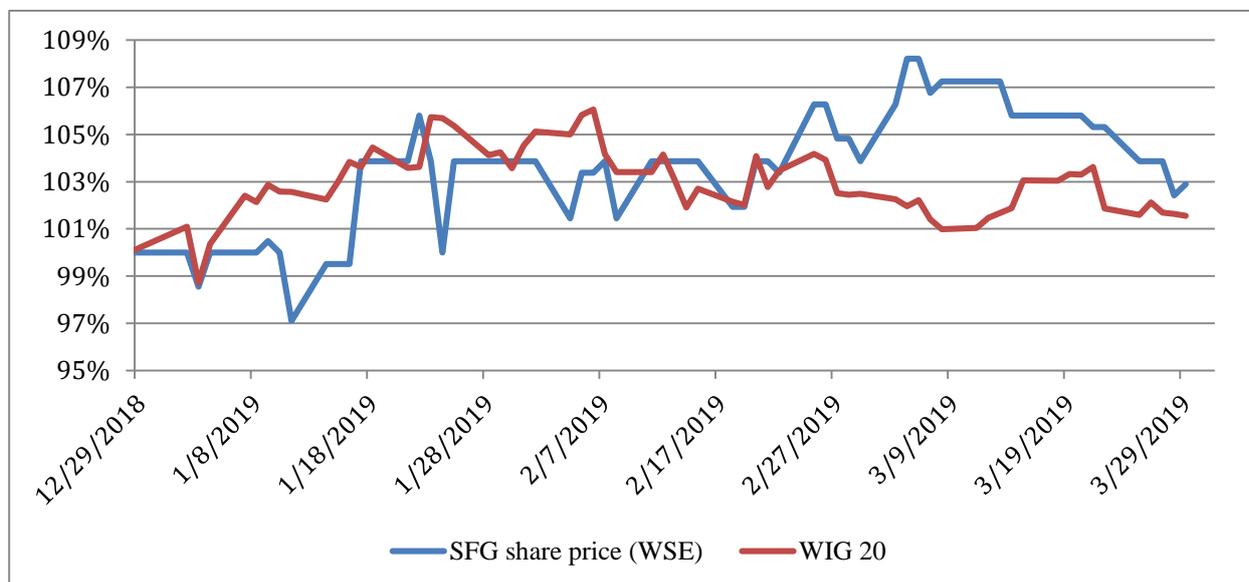
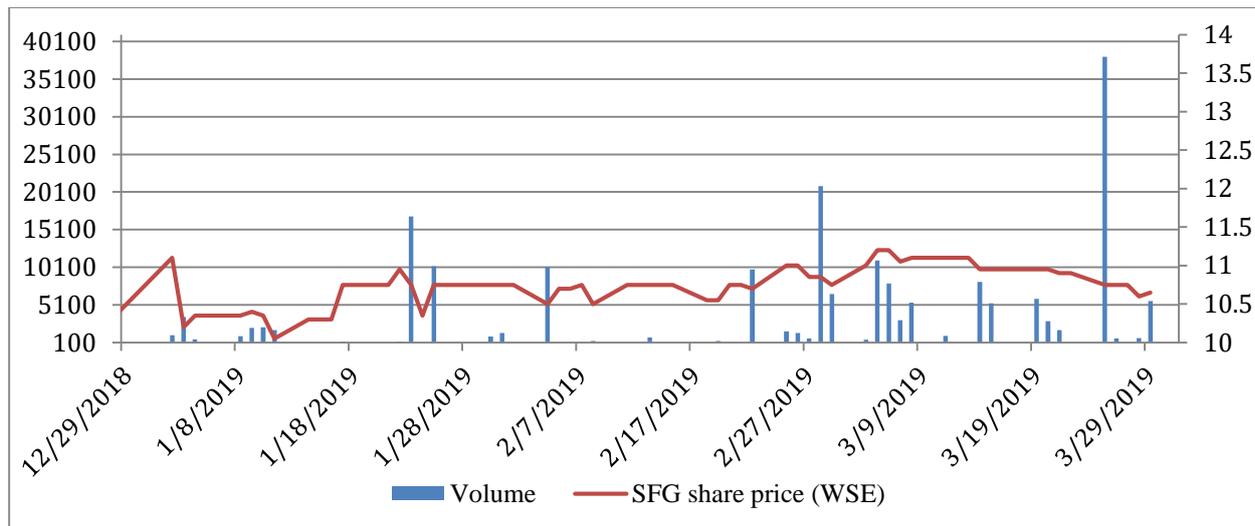
Share price development and turnover on the Tallinn Stock Exchange during Q1 of 2019 (EUR)

During Q1 of 2019 the highest and lowest prices of the AS Silvano Fashion Group` share on the Tallinn Stock Exchange were 2.68 EUR and 2.29 EUR, respectively



Share price development on the Warsaw Stock Exchange during Q1 of 2019 (PLN)

During Q1 of 2019, the highest and lowest prices of the AS Silvano Fashion Group` share on the Warsaw Stock Exchange were 11.20 PLN and 10.05 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 2019 (hereinafter “the Interim Report”).

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

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

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



Jarek Särgava
Member of the Management Board
May 16, 2019

Consolidated Statement of Financial Position

in thousands of EUR	Note	31.03.2019	31.12.2018
ASSETS			
Current assets			
Cash and cash equivalents		8 350	13 603
Current loans granted		2	8
Trade and other receivables	2	5 014	3 648
Inventories	3	18 943	17 645
Total current assets		32 309	34 904
Non-current assets			
Long-term receivables		321	292
Investments in associates		70	64
Available-for-sale investments		316	305
Deferred tax asset		1 444	1 433
Intangible assets		324	261
Investment property		873	851
Property, plant and equipment	4	15 754	7 394
Total non-current assets		19 102	10 600
TOTAL ASSETS		51 411	45 504
LIABILITIES AND EQUITY			
Current liabilities			
Short-term finance lease obligations		1 377	0
Trade and other payables	5	7 950	14 163
Tax liabilities		2 226	662
Total current liabilities		11 553	14 825
Non-current liabilities			
Deferred tax liability		6	7
Long-term finance lease obligations		6 580	0
Long-term provisions		63	61
Total non-current liabilities		6 649	68
Total liabilities		18 202	14 893
Equity			
Share capital	6	3 600	3 600
Share premium		8 567	8 567
Statutory reserve capital		1 306	1 306
Revaluation reserve		355	355
Unrealised exchange rate differences		-14 979	-14 696
Retained earnings		31 428	28 330
Total equity attributable to equity holders of the Parent company		30 277	27 462
Non-controlling interest		2 932	3 149
Total equity		33 209	30 611
TOTAL EQUITY AND LIABILITIES		51 411	45 504

Consolidated Income Statement

in thousands of EUR	Note	1Q 2019	1Q 2018
Revenue	8	13 820	16 157
Cost of goods sold		-7 365	-6 849
Gross Profit		6 455	9 308
Distribution expenses		-2 905	-2 938
Administrative expenses		-1 092	-1 065
Other operating income		66	59
Other operating expenses		-202	-191
Operating profit		2 322	5 173
Currency exchange income/(expense)		2 031	-40
Other finance income/(expenses)		-110	24
Net financial income		1 921	-16
Profit (loss) from associates using equity method		1	8
Profit before tax		4 244	5 165
Income tax expense		-1 164	-1 103
Profit for the period		3 080	4 062
Attributable to :			
Equity holders of the Parent company		3 098	3 695
Non-controlling interest		-18	367
Earnings per share from profit attributable to equity holders of the Parent company, both basic and diluted (EUR)	7	0,09	0,10

Consolidated Statement of Comprehensive Income

in thousands of EUR	Note	1Q 2019	1Q 2018
Profit for the period		3 080	4 062
Exchange rate differences attributable to foreign operations		-171	-672
Attributable to :			
Equity holders of the Parent company		-283	-617
Non-controlling interest		112	-55
Total comprehensive income for the period		2 909	3 390
Attributable to :			
Equity holders of the Parent company		2 815	3 078
Non-controlling interest		94	312

Consolidated Statement of Cash Flows

in thousands of EUR	1Q 2019	1Q 2018
Cash flow from operating activities		
Profit for the period	3 080	4 062
Adjustments for:		
Depreciation and amortization of non-current assets	836	397
Share of profit of equity accounted investees	-1	-8
(Gains)/ losses on the sale of PPE and IA	11	0
Net finance income / costs	-1 921	16
Provision for long-term benefits	2	-1
Income tax expense	1 164	1 103
Change in inventories	-1 298	-603
Change in trade and other receivables	-1 484	-1 027
Change in trade and other payables	1 635	1 195
Change in finance lease obligations	1 377	0
Income tax paid	-159	-260
Net cash from operating activities	3 242	4 874
 Cash flow from investing activities		
Interest received	3	14
Proceeds from disposal of property, plant and equipment	36	0
Proceeds from repayments of loans granted	6	0
Acquisition of property, plant and equipment	-562	-119
Acquisition of intangible assets	-75	-36
Net cash used in/from investing activities	-592	-141
 Cash flow from financing activities		
Repayment of finance lease	-657	0
Dividends paid	0	-10 812
Reduction of share capital	-7 200	0
Net cash used in/ from financing activities	-7 857	-10 812
 Change in cash and cash equivalents	-5 207	-6 079
Cash and cash equivalents at the beginning of period	13 603	21 230
Effect of exchange rate fluctuations on cash held	-46	8
Cash and cash equivalents at the end of period	8 350	15 159

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 2017	10 800	8 567	1 306	710	-15 588	35 179	40 974	2 970	43 944
Profit for the period	0	0	0	0	0	3 695	3 695	367	4 062
Other comprehensive income for the period	0	0	0	0	-617	0	-617	-55	-672
Total comprehensive income for the period	0	0	0	0	-617	3 695	3 078	312	3 390
Transactions with owners, recognised directly in equity									
Dividends declared	0	0	0	0	0	-10 800	-10 800	-12	-10 812
Total transactions with owners, recognised directly in equity	0	0	0	0	0	-10 800	-10 800	-12	-10 812
Balance as at 31 March 2018	10 800	8 567	1 306	710	-16 205	28 074	33 252	3 270	36 522
Balance as at 31 December 2018	3 600	8 567	1 306	355	-14 696	28 330	27 462	3 149	30 611
Profit for the period	0	0	0	0	0	3 098	3 098	-18	3 080
Other comprehensive income for the period	0	0	0	0	-283	0	-283	112	-171
Total comprehensive income for the period	0	0	0	0	-283	3 098	2 815	94	2 909
Transactions with owners, recognised directly in equity									
Dividends declared	0	0	0	0	0	0	0	-311	-311
Total transactions with owners, recognised directly in equity	0	0	0	0	0	0	0	-311	-311
Balance as at 31 March 2019	3 600	8 567	1 306	355	-14 979	31 428	30 277	2 932	33 209

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 2019 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 and of 2019 ended on 31 March 2019 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 2018, 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 2018 there are no new IFRSs or IFRIC interpretations that are effective for the financial year beginning on or after 1 January 2019 and that would be expected to have a material impact on the Group.

Note 2 Trade and other receivables

in thousands of EUR	31.03.19	31.12.18
Trade receivables from third parties	3 076	1 679
Trade receivables from related parties	72	25
Impairment of receivables	-20	-20
Tax prepayments	1 077	969
Other receivables	809	995
Total	5 014	3 648

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

Note 3 Inventories

in thousands of EUR	31.03.19	31.12.18
Raw and other materials	4 235	4 137
Work in progress	1 385	1 464
Finished goods	12 633	11 572
Other inventories	690	472
Total	18 943	17 645

Note 4 Property, plant and equipment

in thousands of EUR						
	Land and buildings	Plant and equipment	Other equipment and fixtures	Right- of-use asset	Assets under construction	Total
31.12.2017						
Cost	5 661	17 676	4 552	0	91	27 980
Accumulated depreciation	-2 491	-13 609	-3 375	0	0	-19 475
Net book amount	3 170	4 067	1 177	0	91	8 505
Movements during 1Q 2018						
Additions	0	8	54	0	57	119
Disposals	0	0	0	0	0	0
Reclassifications	0	26	47	0	-73	0
Depreciation	-33	-211	-125	0	0	-369
Unrealised exchange rate differences	-58	-66	-42	0	-2	-168
Closing net book amount	3 079	3 824	1 111	0	73	8 087
31.03.2018						
Cost	5 574	17 426	4 518	0	73	27 591
Accumulated depreciation	-2 495	-13 602	-3 407	0	0	-19 504
Net book amount	3 079	3 824	1 111	0	73	8 087
31.12.2018						
Cost	5 402	16 086	5 376	0	17	26 881
Accumulated depreciation	-2 380	-12 818	-4 289	0	0	-19 487
Net book amount	3 022	3 268	1 087	0	17	7 394
Movements during 1Q 2019						
Additions	0	0	159	8 378	403	8 940
Disposals	0	-25	-22	0	0	-47
Reclassifications	0	32	38	0	-70	0
Depreciation	-29	-175	-123	-486	0	-813
Unrealised exchange rate differences	52	17	23	176	12	280
Closing net book amount	3 045	3 117	1 162	8 068	362	15 754
31.03.2019						
Cost	5 646	17 059	5 005	8 565	362	36 637
Accumulated depreciation	-2 601	-13 942	-3 843	-497	0	-20 883
Net book amount	3 045	3 117	1 162	8 068	362	15 754

The Group didn't have any significant binding commitments to purchase property plant and equipment as of 31 March 2019.

Note 5 Trade and other payables

in thousands of EUR	31.03.19	31.12.18
Trade payables	5 571	5 226
Accrued expenses	587	435
Provisions	19	53
Other payables	1 773	8 449
Total	7 950	14 163

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

Note 6 Equity

Shares

As of 31 March 2019 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 2018, 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 2019 AS Silvano Fashion Group had 2 113 shareholders (as of 31 December 2018: 2 080 shareholders).

Note 7 Earnings per share

The calculation of basic earnings per share for Q1 of 2019 (Q1 of 2018) is based on profit attributable to owners and a weighted average number of ordinary shares.

in thousands of shares	Q1 2019	Q1 2018
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 2019	Q1 2018
Profit for the period attributable to equity holders of the Parent company	3 098	3 695
Basic earnings per share (EUR)	0.09	0.10
Diluted earnings per share (EUR)	0.09	0.10

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	1Q 2019	1Q 2018
Revenue from wholesale	9 553	11 686
Revenue from retail	4 255	4 463
Subcontracting and services	9	6
Other sales	3	2
Total	13 820	16 157

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	1Q 2019	1Q 2018
Associates	1 259	1 292
Total	1 259	1 292

Balances with related parties

in thousands of EUR	31.03.2019	31.12.2018
Trade receivables from associates	72	25
Total	72	25

Benefits to key management of the group

in thousands of EUR	1Q 2019	1Q 2018
Remunerations and benefits	207	209
Total	207	209

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 31.03.2019 <i>in thousands of EUR</i>	1Q 2019					
	Lingerie retail	Lingerie wholesale	Total segments	Unallocated	Eliminations	Total
Revenue from external customers	4 255	9 553	13 808	12		13 820
Intersegment revenues	0	9 226	9 226	843	-10 069	0
EBITDA	1 486	2 111	3 597	-439		3 158
Amortization and depreciation	-472	-207	-679	-157	0	-836
Operating income, EBIT	1 014	1 904	2 918	-596	0	2 322
Profit from associates using equity method	0	1	1	0	0	1
Net financial income	34	-63	-29	1 950	0	1 921
Income tax	-115	-433	-548	-616	0	-1 164
Net profit	933	1 409	2 342	738	0	3 080
Investments in associates	0	70	70	0	0	70
Other operating segments assets	4 514	38 754	43 268	8 073	0	51 341
Reportable segments liabilities	1 717	12 493	14 210	3 992	0	18 202
Capital expenditures	2 395	2 648	5 043	3 972	0	9 015
Number of employees as of reporting date	502	1 358	1 860	165		2 025
Operating segments as of 31.03.2018 <i>in thousands of EUR</i>	1Q 2018					
	Lingerie retail	Lingerie wholesale	Total segments	Unallocated	Eliminations	Total
Revenue from external customers	4 463	11 686	16 149	8		16 157
Intersegment revenues	0	36 669	36 669	4 715	-41 384	0
EBITDA	1 094	4 374	5 468	102		5 570
Amortization and depreciation	-81	-198	-279	-118	0	-397
Operating income, EBIT	1 013	4 176	5 189	-16	0	5 173
Profit from associates using equity method	0	8	8	0	0	8
Net financial income	-24	303	279	-295	0	-16
Income tax	-88	-884	-972	-131	0	-1 103
Net profit	901	3 603	4 504	-442	0	4 062
Investments in associates	0	59	59	0	0	59
Other operating segments assets	3 394	32 631	36 025	11 931	0	47 956
Reportable segments liabilities	249	10 850	11 099	394	0	11 493
Capital expenditures	83	72	155	0	0	155
Number of employees as of reporting date	500	1 551	2 051	168		2 219

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 1Q 2019	Revenue 1Q 2018	Non-current assets 31.03.2019	Non-current assets 31.12.2018
Russia	8 684	10 327	3 786	1 688
Belarus	3 438	3 626	14 544	8 665
Ukraine	533	764	1	1
Baltics	258	305	747	223
Other countries	907	1 135	24	23
Total	13 820	16 157	19 102	10 600