E | L | G

EUROPEAN LINGERIE GROUP

EUROPEAN LINGERIE GROUP AB

QUARTERLY REPORT - TWELVE MONTHS AND FOURTH QUARTER

1 JANUARY 2018 – 31 DECEMBER 2018

Contents

Management report

General information

European Lingerie Group AB (previously Goldcup 15769 AB) (the "Parent" and together with its subsidiaries the "Group") is a Public Limited Liability Company domiciled in Sweden. At 31 December 2018 the Group had 18 wholly owned subsidiaries, a representative office located in Russia and a joint venture company located in Latvia.

Short description of the Company's activities in the reporting quarter

Sales results of the fourth quarter of 2018 for European Lingerie Group justified the previous belief of the Group that the bottom line of declining sales was hit in Q3 2018 and recovery should start. We see it across most of the markets and especially in Russia. Unfortunately, the trend of closure of small specialized retail shops in the Southern and Central Europe still continues and the macroeconomy is slowing down in most European markets, which limits the recovery speed to some extent.

The new products added to the Group's product portfolio in 2018, started to convert into sales in Q4 2018. This will continue bringing additional revenue at accelerated speed throughout the whole 2019.

In autumn 2018, European Lingerie Group launched a new *Senselle by Felina*, a fusion lingerie collection providing unprecedent fit and comfort of premium lingerie garments at great value. First three series of Senselle classical collection are already in retail and the full range will be available from March 2019. Senselle's target markets are primarily CIS countries and Eastern Europe.

In autumn 2018, LSEZ Lauma Fabrics SIA obtained medical ISO certification (ISO 13485:2016), which is an internationally recognized quality standard. ISO certificate is a recognition for the Group of being a trustworthy manufacturer in the medical textile industry and it will definitely help us to open doors to new markets.

To summarize, the Group continues doing additional strategic investments and market initiatives to respond faster to changes in the market. One of these steps is product range expansion to position itself as a one-stop supplier of all relevant product segments. Another initiative is developing the online channel to embrace a true omni-channel strategy as e-commerce is the future of retail. The results of all these changes will convert into sales gradually and will help the Group to sustain the business in the future and earn stable margin going forward. To achieve that the Group needs to invest part of today's profit into these innovations which unfortunately negatively affects the current profitability levels and financial ratios of the Group. We understand that the Group is on the edge with its bond financial covenant at the moment and the net debt/EBITDA threshold will go down from 4.50 to 4.25 from February 2019. The Management is fully focused that the Group complies with the covenant's requirements and several improvement steps are in the implementation process.

Financial highlights of the reporting 12 months and fourth quarter

Selected financial indicators

Selected financial indicators of the Group were calculated on the basis of the pro forma financial information of European Lingerie Group AB for 12 months 2018, 12 months 2017 and Q4 2017 as well as reported financial information for Q4 2018. Refer to page 8 for the description of the pro forma financial information and pro forma assumptions. Summarized selected financial indicators of the Group for 12 months 2018 compared to 12 months 2017, Q4 2018 compared to Q4 2017 and 31.12.2018 compared to 31.12.2017 were as follows:

In thousands of EUR	12 months 2018 (Pro forma)	12 months 2017 (Pro forma)	Change
Revenue	77,233	80,076	-3.6%
Normalised operating profit[1]	6,084	10,078	-39.6%
Normalised EBITDA[2]	9,288	13,057	-28.9%
Normalised net profit/(loss) [3]	413	6,000	-93.1%
Operating cash flow for the period	11	3,134	-99.6%

In thousands of EUR	Q4 2018 (Actual)	Q4 2017 (Pro forma)	Change
Revenue	18,076	17,263	4.7%
Normalised operating profit[1]	434	1,189	-63.5%
Normalised EBITDA[2]	1,296	1,981	-34.6%
Normalised net profit/(loss) [3]	(1,374)	512	-368.4%
Operating cash flow for the period	(986)	(207)	376.3%

[1] Normalised operating profit is calculated as the profit of the Group before interest and tax for the relevant period, and adjusted, if necessary, for one-off and non-recurring items.
[2] Normalised EBITDA is calculated as the profit of the Group before interest, tax, depreciation and amortisation for the relevant period, and adjusted, if necessary, for one-off and non-recurring items.
[3] Normalised net profit/(loss) is calculated as the net profit of the Group for the relevant period adjusted, if necessary, for one-off and non-recurring items.

In thousands of EUR	31.12.2018 (Actual)	31.12.2017 (Pro forma)	Change to 31.12.2017
Total assets	65,661	65,426	0.4%
Total current assets	35,722	38,688	-7.7%
Cash and cash equivalents	1,335	1,944	-31.3%
Total current liabilities	13,634	48,825	-72.1%
Adjusted total current liabilities[4]	13,634	17,855	-23.6%
Gross interest-bearing debt[5]	41,093	33,606	22.3%
Net interest-bearing debt[6]	39,758	31,662	25.6%

[4] Adjusted total current liabilities exclude loans and borrowings subject to refinancing.
[5] Gross interest-bearing debt includes non-current and current loans and borrowings.
[6] Net interest-bearing debt is calculated as gross interest-bearing debt less cash and cash equivalents.

Marginal analysis, %	12 months 2018 (Pro forma)	12 months 2017 (Pro forma)	Change
Normalised operating profit margin	7.9%	12.6%	-4.7 pp
Normalised EBITDA margin	12.0%	16.3%	-4.3 pp
Normalised net profit margin	0.5%	7.5%	-7.0 pp

Marginal analysis, %	Q4 2018 (Actual)	Q4 2017 (Pro forma)	Change
Normalised operating profit margin	2.4%	6.9%	-4.5 pp
Normalised EBITDA margin	7.2%	11.5%	-4.3 pp
Normalised net profit margin	-7.6%	3.0%	-10.6 pp

Financial ratios	31.12.2018 (Pro forma)	31.12.2017 (Pro forma)
ROA (return on assets)[7]	1.1%	9.8%
Adjusted current ratio[8]	2.6	2.2
Adjusted quick ratio[9]	1.2	1.2
12 months rolling normalised EBITDA[10]	9,288	13,057
Net debt/EBITDA[11]	4.3	2.4

[7] ROA (return on assets) is calculated as the normalised net profit divided by the average total assets for the relevant period.
[8] Adjusted current ratio is calculated as total current assets divided by adjusted total current liabilities.
[9] Adjusted quick ratio is calculated as total current assets excluding inventories divided by adjusted total current liabilities.
[10] 12 months rolling normalised EBITDA is EBITDA for the period from 1 October 2017 to 30 September 2018
[11] Net debt/EBITDA is calculated as net interest-bearing debt divided by 12 months rolling normalised EBITDA

Financial performance

Financial performance of the Group was analysed on the basis of the pro forma financial information of European Lingerie Group AB for 12 months 2018, 12 months 2017 and Q4 2017 as well as reported financial information for Q4 2018. Refer to page 8 for the description of the pro forma financial information and pro forma assumptions. The Group's sales amounted to EUR 77,233 thousand in 12 months 2018 (Q4 2018: EUR 18,076 thousand), representing a 3.6% decrease as compared to pro forma sales of 12 months 2017 (4.7% increase to pro forma sales of Q4 2017). In Q4 2018, the Group was able to demonstrate growth in sales which was promised in the previous quarters. The new product lines delivered first sales results as well as the largest markets of the Group such as Russia, Ukraine, Spain and Poland started gradually recovering and bringing positive tendency. We believe that this improving trend of the Group will continue in the coming periods as we constantly feed the pipeline with additional novelties, complementary products and other initiatives.

As already mentioned in the previous quarterly reports of 2018, due to the fact that part of the costs is fixed, decline in revenue caused drop of profitability margins. Normalised EBITDA in 12 months 2018 amounted to EUR 9,288 thousand (Q4 2018: EUR 1,296 thousand) and decreased by 28.9% compared to pro forma normalised EBITDA in 12 months 2017 (34.6% decrease to pro forma normalised EBITDA for Q4 2017). Normalised EBITDA margin in 12 months 2018 and 12 months 2017 were 12.0% and 16.3% respectively (Q4 2018 and Q4 2017: 7.2% and 11.5% respectively). EBITDA margin deteriorated mainly due to sales decrease and high impact of marginal sales contribution to EBITDA. Furthermore, although the Group was able to stop the negative trend in sales, it still continues investing its current profit into several initiatives and new projects, which will allow it to sustain the revenue and expand into new sales channels, products and target customer segments in the future, but reduces operating profit margins in the short term.

Normalised net profit in 12 months 2018 amounted to EUR 413 thousand (Q4 2018: loss of EUR 1,374 thousand), compared to pro forma normalised net profit of EUR 6,000 thousand in 12 months 2017 (Q4 2017: profit of EUR 512 thousand). Normalised net profit margin in 12 months 2018 and 12 months 2017 were 0.5% and 7.5% respectively (-7.6% and 3.0% in Q4 2018 and Q4 2017 respectively). Similarly as for EBITDA, lower profitability was due to sales decrease and costs of new initiatives impact. In addition, there was an increase in finance costs in 12 months 2018 as compared to 12 months 2017 related to incremental costs on borrowings raised for the acquisitions of Felina Group and Dessus-Dessous SAS that were not present to full extent in 12 months 2017.

Financial position

Financial position of the Group at 31 December 2018 was consolidated position as per the consolidated interim financial statements of European Lingerie Group AB for 12 months 2018. Financial position of the Group at 31 December 2017 was calculated on the basis of the pro forma financial information. Refer to page 8 for the description of the pro forma financial information and pro forma assumptions.

At 31 December 2018 consolidated total assets amounted to EUR 65,661 thousand representing a slight increase of 0.4% as compared to the pro forma statement of financial position at 31 December 2017. Increase is explained by recognition of goodwill, brand names and customer base on acquisition of Dessus-Dessous S.A.S. in the amount of EUR 2,322 thousand, EUR 1,762 thousand and EUR 1,166 thousand respectively. The increase effect is partially outweighed by the depreciation and amortisation charges of the non-current assets.

Inventories compared to 31 December 2017 increased and the balance moved as planned. The growth in the balance was due to the development of new products, which were in the production pipeline and partially already in finished goods at 31 December 2018. Shipments of these to customers started partially in Q4 2018 and will continue throughout 2019. Decrease in trade and other receivables compared to 31 December 2017 was a result of release of bank deposits in the amount of EUR 4,500 thousand, which served as collateral for the long-term bank loans outstanding in the Group before they were refinanced.

Loans and borrowings at 31 December 2018 increased compared to 31 December 2017 as new bonds were issued by the Parent in the amount of EUR 40,000 thousand to refinance existing borrowings of the Group and to raise funds for further growth and investments. For more details on loans and borrowings refer to Note 16.

Trade and other payables at 31 December 2018 included EUR 315 thousand payable for the acquisition of Dessus-Dessous S.A.S and EUR 11 thousand payable for AO Avangard (31 December 2017: present value of deferred consideration payable for AO Avangard was EUR 1,666 thousand (undiscounted amount was EUR 1,727 thousand)).

Sales

Sales structure of the Group was calculated on the basis of the pro forma financial information of European Lingerie Group AB for 12 months 2018, 12 months 2017 and Q4 2017 as well as reported financial information for Q4 2018. Refer to page 8 for the description of the pro forma financial information and pro forma assumptions.

Sales by markets

Core operating markets for European Lingerie Group are Germany, Spain, France, Poland, Benelux countries, Baltic countries and CIS countries (Russia, Belarus and Ukraine). Group's sales in its core markets in 12 months 2018 were 83.7% of its total sales against 83.5% in 12 months 2017 (82.8% in Q4 2018 against 81.2% in Q4 2017).

The Group's sales results by markets were as follows:

In thousands of EUR	12 months 2018 (Pro forma)	12 months 2017 (Pro forma)	Change, %	12 months 2018, % of sales	12 months 2017, % of sales
Germany	18,257	18,332	-0.4%	23.6%	22.9%
Baltic countries[12]	10,732	10,676	0.5%	13.9%	13.3%
Russia	8,625	9,539	-9.6%	11.2%	11.9%
France	7,477	7,858	-4.8%	9.7%	9.8%
Benelux countries[13]	5,704	5,596	1.9%	7.4%	7.0%
Belarus	4,679	5,597	-16.4%	6.1%	7.0%
Poland	4,326	4,175	3.6%	5.6%	5.2%
Spain	3,099	3,145	-1.5%	4.0%	3.9%
Ukraine	1,747	1,925	-9.2%	2.3%	2.4%
Other markets	12,587	13,233	-4.9%	16.2%	16.6%
Total	**77,233**	**80,076**	**-3.6%**	**100.0%**	**100.0%**

In thousands of EUR	Q4 2018 (Actual)	Q4 2017 (Pro forma)	Change, %	Q4 2018, % of sales	Q4 2017, % of sales
Germany	3,811	3,819	-0.2%	21.1%	22.1%
Baltic countries[12]	2,684	2,812	-4.6%	14.8%	16.3%
Russia	2,629	1,864	41.0%	14.5%	10.8%
France	1,272	1,290	-1.4%	7.0%	7.5%
Benelux countries[13]	1,098	1,028	6.8%	6.1%	6.0%
Belarus	1,446	1,509	-4.2%	8.0%	8.7%
Poland	927	798	16.2%	5.1%	4.6%
Spain	536	462	16.0%	3.0%	2.7%
Ukraine	528	435	21.4%	2.9%	2.5%
Other markets	3,145	3,246	-3.1%	17.5%	18.8%
Total	**18,076**	**17,263**	**4.7%**	**100.0%**	**100.0%**

[12] Latvia, Estonia and Lithuania

[13] Belgium, the Netherlands and Luxembourg

The largest growth in sales in Q4 2018 was in Russia and Ukraine. These markets dropped by 9.6% and 9.2% respectively in 12 months 2018, but the trend in Q4 2018 reversed completely, which justified the Group's recovery expectations in these markets and outweighed half of the previous deficit in the reporting year (increase by 41.0% in Russia and 21.4% in Ukraine in Q4 2018). Sales in Belarus dropped by 16.4% in 12 months 2018 (4.2% in Q4 2018) and continued to be lower than before due to the change in the strategy of the Group's largest customer in the textile segment, which decided to change most of its product range. To compensate this loss, the Group continues growing with other customers in Belarus in the textile segment and expands usage of materials in its own newly introduced brand Senselle by Felina.

Spain and Poland also delivered sizeable growth in the last quarter whereby sales in these countries in Q4 2018 increased by 16.0% and 16.2 respectively. This is a result of several activities including development of the omni-channel strategy with the largest customer in Spain as well as expansion of our lingerie products' presence in the retail channels in these countries. In 12 months 2018, the sales in Poland increased by 3.6% whereas the sales in Spain reduced by 1.5%. The net deficit in Spain is still heavily influenced by the change of the total retail concept in Southern Europe we described in the previous quarterly reports, but the Group gradually replaces the lost turnover of small specialized retails with other sales channels and the sales deficit reduces.

Sales in Benelux continued positive trend in Q4 2018 and 12 months 2018 at the rate of increase of 6.8% and 3.6% respectively and the drop in sales in this market in Q4 2018 was only a temporary issue to balance the previous higher growth expectations with the actual development of the market.

Sales in Germany decreased by 0.4% in 12 months 2018 and by 0.2% in Q4 2018 due to the slowdown of the European macroeconomy and blocked potential growth.

France had a decrease in sales in 12 months 2018 by 4.8% due to the same reason as before, namely, overall change in retail concept in the Southern and Central European countries whereby small specialised retail stores slowly disappear and department and online stores take over the market, but this deficit started reducing and in Q4 2018 is was only 1.4% comparing to 6.9% deficit in Q2 2018 and 6.1% in Q3 2018. The balance of sales growth vs margin will be the main issue in this market in the coming periods as the Group's main competitors in France continue suffering and try to improve their sales by reducing prices and offering higher discounts to customers not only for previous season collections, but also for novelties. In part of these cases the Group chooses not to follow the general price trend and to better sell less, but at higher margin.

Sales in the Baltic countries reduced by 4.6% in Q4 2018, but in 12 months 2018 there was growth in these markets of 0.5%. The repeating growth is explained by the stabilisation of the market situation in Russia and other CIS countries being the main sales markets of our Baltic customers, but during Q4 2018 the Group put more focus on balancing the sales growth with the cashflow returns and customer payments and in some cases chose to postpone shipments to Q1 2019 in order not to increase its working capital exposure further.

Sales by business segments

The Group has the following two strategic divisions, which are its reportable segments. These divisions offer different products and are managed separately because they require different technology and marketing strategies.

The following summary describes the operations of each reportable segment:

Reportable segments	Operations
Textiles	Manufacturing, processing and wholesale of textiles
Lingerie	Manufacturing, processing, wholesale and retail (including online) of lingerie products

The Group's sales results by business segments were as follows (figures are based on pro forma financial information).

In thousands of EUR	12 months 2018 (Pro forma)	12 months 2017 (Pro forma)	Change, %	12 months 2018, % of sales	12 months 2017, % of sales
Textiles	34,107	35,866	-4.9%	42.8%	43.8%
Lingerie	44,149	45,037	-2.0%	57.2%	56.2%
Intercompany eliminations	(1,023)	(827)			
Total	**77,233**	**80,076**	**-3.6%**	**100.0%**	**100.0%**

In thousands of EUR	Q4 2018 (Actual)	Q4 2017 (Pro forma)	Change, %	Q4 2018, % of sales	Q4 2017, % of sales
Textiles	9,092	9,323	-2.5%	49.1%	52.7%
Lingerie	9,207	8,165	12.8%	50.9%	47.3%
Intercompany eliminations	(223)	(225)			
Total	**18,076**	**17,263**	**4.7%**	**100.0%**	**100.0%**

In Q4 2018 both - textiles and lingerie segments performed better than in the first nine months of the year and the deficit in sales reduced. This was driven by the improvement of the sales trend in particular markets explained above and start of the sales of new swimwear, sportwear and Senselle by Felina products. In Textile segment the growth was slowed down by the Group on purpose to balance the growth in sales with the cashflow returns from customer payments as described above. Furthermore, the textile segment still suffered from the change in strategy by its main customer in Belarus. That deficit is gradually replaced by the growth with other customers in that country and by developing Senselle by Felina which is based on Lauma Fabrics materials, but time is needed to offset the full loss effect.

Investments

During 12 months 2018 the Group invested into property plant and equipment and intangible assets EUR 1,973 thousand on a pro forma basis (12 months 2017 on a pro forma basis: EUR 1,196 thousand). Q4 2018 investments amounted to EUR 845 thousand compared to EUR 351 thousand in Q4 2017. The Group continues investing in its manufacturing base. The largest investments in the reporting year were in:

- 50 gauge circular knitting technology, whereby 2 machines were acquired in 2018 and further 8-10 machines are planned for the next 1-2 years. The developed fabrics is a new type of fabrics for the Group and will open doors for new global customers;
- A new stenter for LSEZ Lauma Fabrics SIA, the main Group's production plant for the lingerie materials. The cost of acquisition was EUR 1.2 million and will be delivered in Spring 2019. The new equipment will allow the Group to improve the quality of its produced fabrics and to be able to offer new solutions of materials to its customers.

Further development of the Group

2018 was a transition year for the Group after the acquisition of Felina group and Dessus-Dessous SAS. It continues realising its strategy of the vertical integration which takes time and bears costs during transformation phase of the previous processes. Furthermore, it is doing several strategy investments and market initiatives to respond faster to changes in the market. One of these steps is product range expansion to position itself as a one-stop supplier of all relevant product segments. Another important initiative is developing the online channel as e-commerce is the future of retail. The results of these changes start to gradually convert into sales, but the operating profit is still behind expectations due to investments of today's profit in innovations and changes needed to sustain the business in the future and earn stable margins going forward.

Pro forma financials for 12 months 2018 and comparative periods

Description of pro forma financial information and pro forma assumptions used for comparative periods

European Lingerie Group AB was established on 23 November 2017. The Company did not have any operations in 2017. Shortly after its registration, on 3 January 2018 the Company was acquired by Myrtyle Ventures Ltd and on 19 February 2018 it became the Parent company of European Lingerie Group. The shareholder change was accomplished by way of contributing AS European Lingerie Group shares into the equity of European Lingerie Group AB. The acquisition of AS European Lingerie Group was treated by European Lingerie Group AB as a transaction under common control and was accounted for using the prospective pooling-of-interest method, i.e. earnings of AS European Lingerie Group were included in European Lingerie Group AB consolidated earnings from 3 January 2018.

Until 3 January 2018, the parent company of the Group was AS European Lingerie Group and consolidated financial statements for 2017 were prepared at the level of AS European Lingerie Group. AS European Lingerie Group and AS European Lingerie Brands were established in April 2017. In the same month they became owners of LSEZ Lauma Fabrics SIA, LE Textile GmbH and Textile Dyehouse GmbH by way of contributing shares of LSEZ Lauma Fabrics SIA into the share capital of AS European Lingerie Brands in the first step and by way of contributing shares of AS European Lingerie Brands into the share capital of AS European Lingerie Group in the second step (Transaction 1). The acquisition of Lauma Fabrics group was treated by AS European Lingerie Group as a transaction under common control and was accounted for using the prospective pooling-of-interest method, i.e. earnings of Lauma Fabrics group were included in AS European Lingerie Group consolidated earnings from 28 April 2017.

In 2017 and 2018 the Group had three acquisitions which were business combinations:

1. E|L|B GmbH, a subsidiary of AS European Lingerie Brands, acquired 100% of shares in Felina International AG on 12 June 2017 (Transaction 2) and was consolidated into the Group starting from 30 June 2017.
2. AS European Lingerie Group acquired 100% of shares in AO Avangard on 29 December 2017 (Transaction 3) and was consolidated into the Group starting from 31 December 2017.
3. Felina S.a.r.l., a subsidiary of European Lingerie Group AB, acquired 100% of shares in Dessus-Dessous S.A.S on 14 June 2018 (Transaction 4) and was consolidated into the Group starting from 30 June 2018.

Based on the above, the Group has prepared pro forma financial information presenting a description of how the acquisition transactions (the Transactions) might have affected the consolidated earnings of European Lingerie Group, had the Transactions 1 and 2 been undertaken at the commencement of the year 2014, had the Transaction 3 been undertaken at the commencement of the year 2016 and had the Transaction 4 been undertaken at the commencement of the year 2017.

Said pro forma financial information has been prepared for the purpose of giving the stakeholders of European Lingerie Group a better overview of the financial consequences of the Transactions and ensuring better comparability of the current performance as compared to historical performance. The pro forma financial information has been prepared for illustrative purposes only and because of its nature, the pro forma financial information addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position or results.

In preparing the pro forma financial information, ELG Group performed a hypothetical consolidation of the results of European Lingerie Group and Dessus-Dessous S.A.S. for 12 months 2018 and a hypothetical consolidation of the results of Lauma Fabrics Group, Felina Group, AO Avangard and Dessus-Dessous S.A.S for 12 months 2017 and Q4 2017 eliminating intercompany transactions between these companies based on individual company performance during these periods. The impact of accounting for the share acquisitions in the Transactions (including, but not limited to the purchase price allocation and goodwill) and related financing of the Transactions (including, but not limited to the financial indebtedness and cost of financing) has not been included in the presented pro forma financial information.

The pro forma financial information has been prepared on the basis of the unaudited IFRS interim financial statements of European Lingerie Group and Dessus-Dessous S.A.S. for 12 months 2018 and on the basis of the audited IFRS financial statements of Lauma Fabrics Group, Felina Group, AO Avangard and Dessus-Dessous S.A.S. for 12 months 2017. The compiled pro forma financial statements have not been audited or reviewed by the external auditors.

Statement of Profit or Loss

In thousands of EUR	12 months 2018 (Pro forma)	12 months 2017 (Pro forma)	Q4 2018 (Actual)	Q4 2017 (Pro forma)
Revenue	**77,233**	**80,076**	**18,076**	**17,263**
Other operating income	2,247	2,930	576	1,109
Changes in inventories of finished goods and work in progress	828	(1,453)	82	(287)
Raw materials and services	(27,562)	(28,869)	(6,509)	(7,388)
Employee benefits expense	(25,637)	(25,711)	(6,436)	(5,629)
Depreciation and amortisation	(3,204)	(2,979)	(862)	(792)
Impairment loss on trade receivables and contract assets	(84)	(791)	7	(541)
Other operating expenses	(20,227)	(20,251)	(5,728)	(4,318)
Operating profit	**3,594**	**2,952**	**(794)**	**(583)**
Finance income	386	707	135	242
Finance costs	(4,404)	(4,387)	(1,147)	(2,728)
Net finance costs	**(4,018)**	**(3,680)**	**(1,012)**	**(2,486)**
Profit/(loss) before income tax	**(424)**	**(728)**	**(1,806)**	**(3,069)**
Income tax expense	(1,703)	(1,159)	(575)	204
Profit/(loss) for the period	**(2,127)**	**(1,887)**	**(2,381)**	**(2,865)**
Profit attributable to:				
Owners of the Company	(2,127)	(1,887)	(2,381)	(2,865)
Reported EBITDA	**6,798**	**5,931**	**68**	**209**
Adjusted by:				
Shareholder related costs	-	1,975	-	206
Restructuring of brands/subsidiaries	172	497	82	-
Transaction costs	1,101	1,737	62	-
Redundancy costs	-	32	-	(18)
Write-off of fair value adjustment in inventory in line with the purchase price allocation principles	877	2,609	877	1,304
Loss of disposal of intangible assets and property, plant and equipment	109	-	109	-
Other	231	276	98	280
Normalised EBITDA	**9,288**	**13,057**	**1,296**	**1,981**
Reported net profit/(loss)	**(2,127)**	**(1,887)**	**(2,381)**	**(2,865)**
Normalisation adjustments	2,935	9,464	1,363	3,939
Tax effect on normalization adjustments	(395)	(1,577)	(356)	(562)
Normalised net profit	**413**	**6,000**	**(1,374)**	**512**

Commentary on the calculation of normalised EBITDA

For purposes to illustrate the normalized and sustainable EBITDA of the pro forma Group the following adjustments regarding events that are not expected to be recurring are made:

- *Shareholder costs.* Costs in 2017 related to previous shareholders which do not continue going forward or one-off costs related to different investment projects.
- *Restructuring of brands/subsidiaries* in 2017 related to restructuring costs of LSEZ Lauma Fabrics SIA German subsidiaries (LE Textile GmbH and Textile Dyehouse GmbH) to bring the companies to break-even operations – these restructuring costs include compensations to dismissed employees, legal costs of lawyers involved in restructuring and other one-off items. In Felina Group, the restructuring in 2017 and 2018 mainly included the profit effect from discontinuation of [un:usual] brand + restructuring/consolidation of some functions/subsidiaries within the group which caused one-off dismissal costs and closure costs.
- *Transaction costs* in 12 months 2018 related to the issue of bonds by European Lingerie Group AB and acquisition of Dessus-Dessous S.A.S and Yustyna OOO (renamed to Senselle OOO). Transaction costs in 12 months 2017 related to the issue of convertible notes by AS European Lingerie Group and acquisition of Felina Group.
- *Write-off of fair value adjustment in inventory in line with the purchase price allocation principles* included gross profit margin distortion effect at consolidated level as a result of sale of Felina Group inventories that had been acquired in the business combination and sold during 2017. At acquisition date, Felina Group finished goods were recognised at fair value, which afterwards adversely affected the gross profit margin upon sale of those finished goods. The effect of the impact in 12 months 2017 amounted to EUR 2,609 thousand. In 2018, the normalisation included the same gross margin distortion effect at consolidated level as a result of sale of Dessus-Dessous S.A.S. inventories that had been acquired in the business combination and sold during 2018. The effect if the impact in 12 months 2018 amounted to EUR 877 thousand.
- *Other costs* in 12 months 2018 included various consultancy costs related to the planned bond listing and further potential acquisitions as well as development costs of building an omni-channel strategy.

Statement of Financial Position

In thousands of EUR	31 December 2018 (Actual)	31 December 2017 (Pro forma)
Assets		
Property, plant and equipment	11,845	12,557
Intangible assets	15,207	10,660
Deferred tax assets	2,499	3,206
Trade and other receivables	388	315
Total non-current assets	**29,939**	**26,738**
Inventories	19,005	16,716
Current tax assets	384	181
Trade and other receivables	14,032	19,204
Contract assets	26	-
Forward exchange contracts used for hedging	-	43
Prepayments	940	600
Cash and cash equivalents	1,335	1,944
Total current assets	**35,722**	**38,688**
Total assets	**65,661**	**65,426**
Total equity	**5,006**	**8,636**
Liabilities		
Loans and borrowings	38,767	57
Trade and other payables	-	340
Net defined benefit liability	3,808	4,490
Deferred income	570	807
Provisions	213	239
Deferred tax liabilities	3,663	2,032
Total non-current liabilities	**47,021**	**7,965**
Loans and borrowings subject to refinancing	-	30,970
Other loans and borrowings	2,326	2,579
Compound derivative liability	-	1,375
Trade and other payables	10,519	12,475
Contract liabilities	292	-
Forward exchange contracts used for hedging	-	23
Current tax liabilities	170	677
Provisions	111	441
Deferred income	216	285
Total current liabilities	**13,634**	**48,825**
Total liabilities	**60,655**	**56,790**
Total equity and liabilities	**65,661**	**65,426**

Statement of Cash Flows

In thousands of EUR	12 months 2018 (Pro forma)	12 months 2017 (Pro forma)	Q4 2018 (Actual)	Q4 2017 (Pro forma)
Cash flows from operating activities				
Reported EBITDA	6,798	5,931	68	209
Adjustments for:				
Impairment loss	84	791	(7)	541
Gain on sale of property, plant and equipment	109	(130)	91	(101)
Equity-settled share-based payment transactions	364	251	(12)	251
Income from government grants	(308)	(320)	(76)	(83)
Changes in:				
Inventories	(1,339)	1,388	273	822
Trade and other receivables	(541)	(617)	1,079	2,201
Contract assets	(25)	-	(11)	-
Prepayments	(362)	(20)	(318)	(9)
Trade and other payables	(147)	(402)	(910)	(2,762)
Contract liabilities	249	-	92	-
Provisions	(188)	(324)	(97)	45
Net defined benefit liability	(291)	(399)	(155)	(250)
Cash generated from operating activities	**4,403**	**6,149**	**17**	**864**
Interest paid	(2,949)	(1,680)	(808)	(892)
Income taxes paid	(1,443)	(1,335)	(195)	(179)
Net cash from/(used in) operating activities	**11**	**3,134**	**(986)**	**(207)**
Cash flows from investing activities				
Interest received	13	176	1	-
Proceeds from sale of property, plant and equipment	17	11,656	17	119
Proceeds from repayment of loans issued	414	991	-	7
Acquisition of subsidiaries net of cash acquired	(7,716)	(20,807)	(57)	2,068
Cash acquired in common control transactions	1,874	-	-	-
Acquisition of property, plant and equipment and intangible assets	(1,973)	(1,196)	(845)	(351)
Deposits placed in restricted accounts	(5)	(4,500)	-	-
Deposits released from restricted accounts	4,500	-	-	-
Loans issued	-	(1,844)	-	(295)
Loans issued to shareholders in lieu of future dividends	(77)	(701)	-	-
Net cash from/(used in) investing activities	**(2,953)**	**(16,225)**	**(884)**	**1,548**

Statement of Cash Flows (continued)

In thousands of EUR	12 months 2018 (Pro forma)	12 months 2017 (Pro forma)	Q4 2018 (Actual)	Q4 2017 (Pro forma)
Cash flows from financing activities				
Proceeds from issue of share capital	60	70	-	-
Proceeds from issue of convertible notes	-	11,000	-	-
Proceeds from loans and borrowings	40,000	16,928	-	-
Change in bank overdraft	(52)	654	1,180	484
Proceeds from grants and donations	2	15	-	9
Transaction costs related to loans and borrowings	(1,730)	(496)	-	-
Repayment of loans and borrowings	(20,021)	(7,051)	-	(515)
Repayment of convertible notes	(12,375)	-	-	-
Payment of finance lease liabilities	(105)	(94)	(20)	(38)
Dividends paid	(866)	(5,957)	-	(187)
Factoring received/(paid)	(409)	(379)	108	428
Net cash from/(used in) financing activities	**4,504**	**14,690**	**1,268**	**181**
Net increase/(decrease) in cash and cash equivalents	**1,562**	**1,599**	**(602)**	**1,522**
Cash and cash equivalents at 1 January/1 October	70	2,823	2,102	2,882
Effect of movement in exchange rates on cash held	(297)	(18)	(165)	-
Cash and cash equivalents at 31 December	**1,335**	**4,404**	**1,335**	**4,404**

AS EUROPEAN LINGERIE GROUP

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE TWELVE MONTHS AND FOURTH QUARTER ENDED
31 DECEMBER 2018
(UNAUDITED)

Information on the Company

Name of the company	*European Lingerie Group AB (from 29 January 2018)* *Goldcup 15769 AB (until 29 January 2018)*
Legal status of the company	*Public Limited Liability Company*
Number, place and date of registration	*559135-0136, Stockholm, 23 November 2017*
Legal and postal address	*Norrlandsgatan 16, 111 43 Stockholm, Sweden*
Corporate website	*www.elg-corporate.com*
Core activities	*Manufacturing, processing, wholesale and retail of textiles and lingerie products*
Members of the Board and their positions	*Indrek Rahumaa, Chairman of the Board* *Fredrik Synnerstad, Board Member* *Dmitry Ditchkovsky, Board Member* *Peter Partma, Board Member*
Managing director	*Peter Partma*
Financial year	*1 January 2018 – 31 December 2018*
Reporting period	*1 January 2018 – 31 December 2018*
Information on shareholders	*From 3 January 2018 until 11 May 2018:* *Myrtyle Ventures Limited (100.00%)* *From 11 May 2018 until 31 May 2018:* *Myrtyle Ventures Limited (99.00%) and* *SIA Silver Invest (1.00%)* *From 31 May 2018 until 31 August 2018:* *Myrtyle Ventures Limited (98.20%) and* *SIA Silver Invest (1.80%)* *From 31 August 2018 until 23 November 2018:* *Helike Holdings OU (73.65%),* *Bryum Capital Ltd (24.55%) and* *SIA Silver Invest (1.80%)* *From 23 November 2018 until 31 January 2019:* *Helike Holdings OU (72.65%),* *Bryum Capial Ltd (24.55%),* *SIA Silver Invest (1.80%) and* *SIA Ievades Nozares (1.00%)* *From 31 January 2019:* *Helike Holdings OU (72.05%),* *Bryum Capial Ltd (24.55%),* *SIA Silver Invest (1.80%) and* *SIA Ievades Nozares (1.60%)*
Information on the subsidiaries	*AS European Lingerie Group (100.0% from 19 February 2018)* *Felina S.a.r.l. (100.0% from 16 May 2018)* *Brafetch GmbH (100% from 29 January 2019)* *Senselle OOO (100% from 2 January 2019)*
Auditors	*KPMG AB* *Vasagatan 16* *101 27 Stockholm, Sweden*

Condensed consolidated statement of profit or loss and other comprehensive income

For the twelve months and fourth quarter ended 31 December

In thousands of EUR	*Note*	12 months 2018	Q4 2018
Revenue	*3, 4*	**73,475**	**18,076**
Other operating income		2,061	576
Changes in inventories of finished goods and work in progress		824	82
Raw materials and services	*5*	(25,640)	(6,509)
Employee benefits expense	*6*	(24,856)	(6,436)
Impairment loss on trade receivables and contract assets		(3,111)	(862)
Depreciation and amortisation		(84)	7
Other operating expenses	*7*	(19,375)	(5,728)
Operating profit		**3,294**	**(794)**
Finance income	*8*	386	135
Finance costs	*9*	(4,403)	(1,147)
Net finance costs		**(4,017)**	**(1,012)**
Profit before income tax		**(723)**	**(1,806)**
Income tax expense	*10*	(1,612)	(575)
Profit for the period		**(2,335)**	**(2,381)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liability (asset)		461	461
- Actuarial loss		202	202
- Return on plan assets excluding interest income		264	264
- Effect of movements in exchange rates		(5)	(5)
Related tax		(50)	(50)
		411	**411**
Items that are or may be reclassified subsequently to profit or loss			
Foreign operations – foreign currency translation differences		(332)	(95)
Other comprehensive income, net of tax		**79**	**316**
Total comprehensive income		**(2,256)**	**(2,065)**
Profit attributable to:			
Owners of the Company		(2,335)	(2,381)
Other comprehensive income attributable to:			
Owners of the Company		79	316
Total comprehensive income attributable to:			
Owners of the Company		(2,256)	(2,065)

Condensed consolidated statement of financial position

In thousands of EUR	*Note*	31 December 2018	31 December 2017
Assets			
Property, plant and equipment	*11*	11,845	-
Intangible assets	*12*	15,207	-
Deferred tax assets		2,499	-
Trade and other receivables	*14*	388	-
Total non-current assets		**29,939**	**-**
Inventories	*13*	19,005	-
Current tax assets		384	-
Trade and other receivables	*14*	14,032	-
Contract assets		26	
Prepayments		940	-
Cash and cash equivalents		1,335	-
Total current assets		**35,722**	**-**
Total assets		**65,661**	**-**
Equity			
Share capital	*15*	60	-
Other equity	*19*	43,500	-
Restructuring reserve	*19*	(36,662)	-
Translation reserve		(332)	-
Retained earnings		(1,560)	-
Total equity		**5,006**	**-**
Liabilities			
Loans and borrowings	*16*	38,767	-
Net defined benefit liability		3,808	-
Deferred income		570	-
Provisions		213	-
Deferred tax liabilities		3,663	-
Total non-current liabilities		**47,021**	**-**
Loans and borrowings	*16*	2,326	-
Trade and other payables	*17*	10,519	-
Contract liabilities		292	-
Current tax liabilities		170	-
Provisions		111	-
Deferred income		216	-
Total current liabilities		**13,634**	**-**
Total liabilities		**60,655**	**-**
Total equity and liabilities		**65,661**	**-**

Consolidated statement of changes in equity

For the twelve months ended 31 December

		Attributable to owners of the Parent Company					
In thousands of EUR	*Note*	**Share capital**	**Other equity**	**Restruc-turing reserve**	**Translation reserve**	**Retained earnings**	**Total equity**
Balance at 31 December 2017		**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income							
Profit for the period		-	-	-	-	(2,335)	(2,335)
Other comprehensive income		-	-	-	(332)	411	79
Total comprehensive income		**-**	**-**	**-**	**(332)**	**(1,924)**	**(2,256)**
Transactions with owners of the Group							
Contributions and distri-butions							
Issue of ordinary shares		60	-	-	-	-	60
Acquisition of a subsidiary under common control	*19*	-	43,500	(36,662)	-	-	6,838
Equity-settled share-based payment		-	-	-	-	364	364
Total contributions and distributions		**60**	**43,500**	**(36,662)**	**-**	**364**	**7,262**
Total transactions with owners of the Group		**-**	**43,500**	**(36,662)**	**-**	**364**	**7,262**
Balance at 31 December 2018		**60**	**43,500**	**(36,662)**	**(332)**	**(1,560)**	**5,006**

Condensed consolidated statement of cash flows

For the twelve months and fourth quarter ended 31 December

In thousands of EUR	*Note*	12 months 2018	Q4 2018
Cash flows from operating activities			
Profit/(loss) for the reporting period		**(2,335)**	**(2,381)**
Adjustments for:			
Depreciation	*11*	2,369	580
Amortization	*12*	742	282
Impairment loss	*7*	84	(7)
Income from government grants		(306)	(76)
Finance income	*8*	(53)	(13)
Finance costs	*9*	3,929	987
Foreign exchange gains	*8*	(333)	(82)
Foreign exchange losses	*9*	474	120
Gain/loss on sale of property, plant and equipment		109	91
Equity-settled share-based payment transactions		364	(12)
Income tax expense	*10*	1,612	575
Changes in:			
Inventories		(1,336)	273
Trade and other receivables		(772)	1,079
Contract assets		(11)	(11)
Prepayments		(337)	(318)
Trade and other payables		(148)	(910)
Contract liabilities		92	92
Provisions		(122)	(97)
Net defined benefit liability		(291)	(155)
Cash generated from operating activities		**3,731**	**17**
Interest paid		(2,948)	(808)
Income taxes paid		(1,310)	(195)
Net cash from operating activities		**(527)**	**(986)**
Cash flows from investing activities			
Interest received		13	1
Proceeds from repayment of loans issued		17	-
Proceeds from sale of property, plant and equipment		68	17
Acquisition of subsidiary net of cash acquired		(7,426)	(57)
Cash acquired in common control transactions	*19*	1,874	-
Acquisition of property, plant and equipment and intangible assets		(1,904)	(845)
Deposits placed in restricted accounts		(5)	-
Deposits released from restricted accounts		4,500	-
Loans issued to shareholders in lieu of future dividends		(77)	-
Net cash used in investing activities		**(2,940)**	**(884)**

Condensed consolidated statement of cash flows (continued)

For the twelve months and fourth quarter ended 31 December

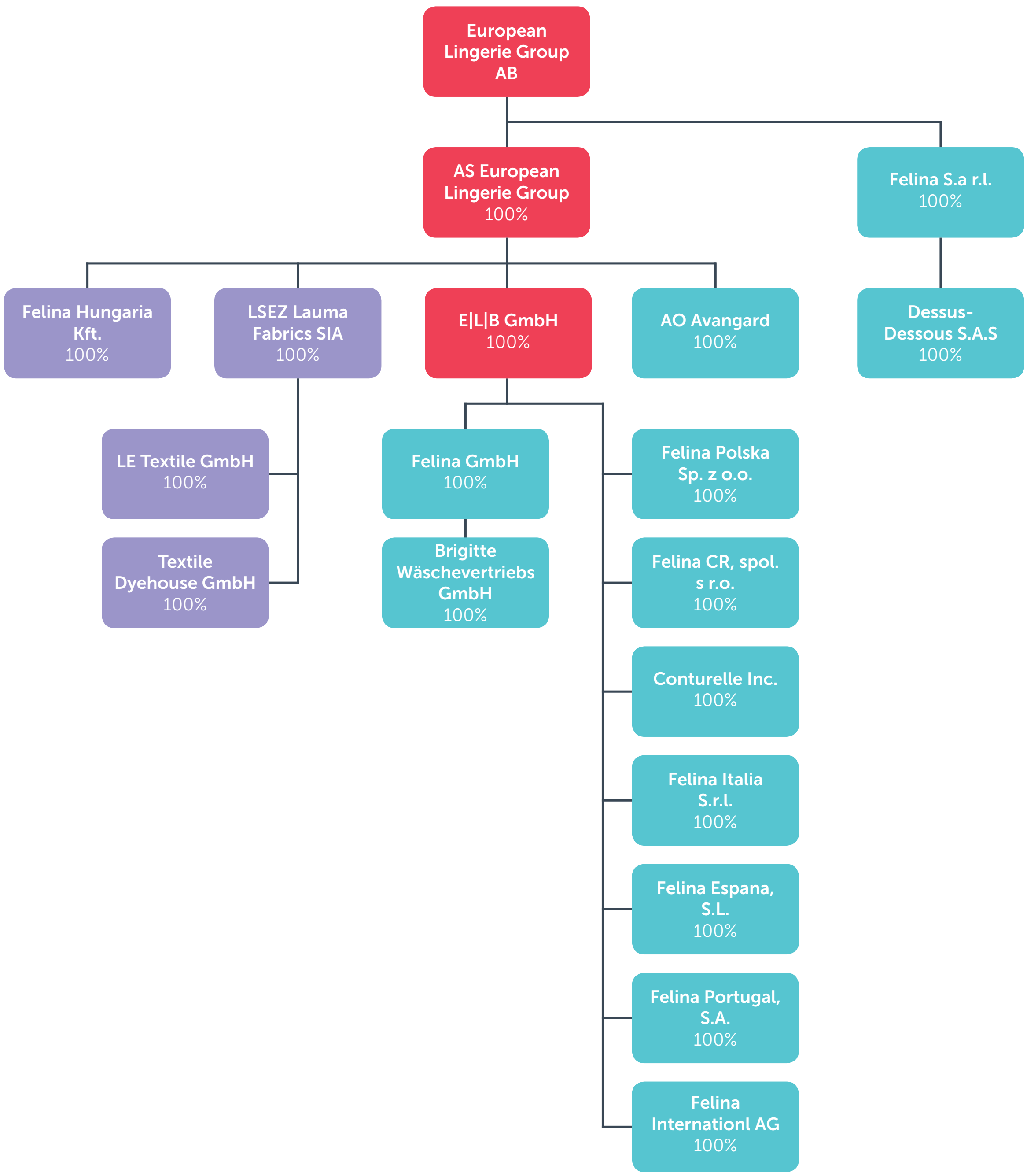
In thousands of EUR	12 months 2018	Q4 2018
Cash flows from financing activities		
Proceeds from issue of share capital	60	-
Proceeds from loans and borrowings	40,000	-
Change in bank overdraft	(52)	1,180
Transaction costs related to loans and borrowings	(1,730)	-
Repayment of loans and borrowings	(20,021)	-
Repayment of convertible notes	(12,375)	-
Payment of finance lease liabilities	(105)	(20)
Payment of dividends	(269)	-
Receipt/repayment of factoring	(409)	108
Net cash from/(used in) financing activities	**5,099**	**1,268**
Net increase/(decrease) in cash and cash equivalents	**1,632**	**(602)**
Cash and cash equivalents at 1 January/1 October	-	2,102
Effect of movement in exchange rates on cash held	(297)	(165)
Cash and cash equivalents at 31 December	**1,335**	**1,335**

Notes to the condensed consolidated interim financial statements

1. Reporting entity

European Lingerie Group AB is a company domiciled in Sweden. These condensed consolidated interim financial statements ("interim financial statements") as at and for the twelve months ended 31 December 2018 comprise the Parent company and its subsidiaries (together referred to as "the Group"). The Group is primarily involved in manufacturing, processing, wholesale and retail of textiles and lingerie products.

At 31 December 2018, the Group structure was as follows:



The list of Parent's subsidiaries included in the consolidated financial statements was as follows:

Subsidiary	Place of incorporation and operations	Proportion of ownership interest at 31 December 2018	Principal activity
AS European Lingerie Group	Latvia	100%	Holding Company
LSEZ Lauma Fabrics SIA	Latvia	100%	Production and wholesale
LE Textile GmbH	Germany	100%	Knitting and design development
Textile Dyehouse GmbH	Germany	100%	Dyeing and finishing services
E|L|B GmbH	Germany	100%	Holding Company
Felina Internationl AG	Switzerland	100%	Holding Company
Felina Italia S.r.l.	Italy	100%	Retail and wholesale
Felina S.a r.l.	France	100%	Retail
Felina GmbH	Germany	100%	Production and wholesale
Brigitte Wäschevertriebs GmbH	Germany	100%	Wholesale
Felina Espana S.L.	Spain	100%	Wholesale
Felina Hungaria Kft.	Hungary	100%	Production
Felina Polska Sp. z o.o.	Poland	100%	Retail and wholesale
Felina ČR spol. s.r.o.	Czech Republic	100%	Retail
Felina Portugal S.A.	Portugal	100%	Wholesale
Conturelle Inc.	USA	100%	Wholesale
AO Avangard	Russia	100%	Wholesale
Dessus-Dessous S.A.S	France	100%	Online retail

Simplification of the Group's legal structure

In July 2018, the Group finalised the first step of the legal structure simplification process, during which AS European Lingerie Brands was merged into AS European Lingerie Group. The change had no impact on the operations or ultimate shareholders of the Group.

In July-December 2018 the Group fulfilled the second step of the above mentioned Group structure simplification, during which the shareholding in Felina Hungaria Kft was transferred to AS European Lingerie Group and the shareholdings in Felina GmbH, Felina Polska Sp., Felina ČR spol.S.r.o, Conturelle Inc., Felina Espana S.L., Felina Portugal S.A. and Felina Italia S.r.l. were transferred to E|L|B GmbH. The changes had no impact on the operations or ultimate shareholders of the Group.

In August 2018 the Group also completed the shareholder structure simplification, during which Myrtyle Ventures Ltd transferred its ownership in European Lingerie Group AB to shareholders, Helike Holding OU and Bryum Capital Ltd. The change has no impact on the operations or ultimate shareholders of the Group.

Dessus-Dessous S.A.S.

On 14 June 2018 Felina S.a.r.l. acquired Dessus-Dessous S.A.S., which was consolidated into the Group starting from 30 June 2018. For more information on acquisition of the subsidiary see Note 19.

2. Basis of preparation

These interim financial statements have been prepared in accordance with IAS 34 "Interim financial reporting". The accounting and measurement policies, as well as the assessment bases, applied in the 2017 annual financial statements have also been applied in these interim financial statements. The interim financial statements do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

These interim financial statements were authorised for issue by the Company's Board of Directors on 28 February 2019.

The interim financial statements are presented in euro, which is the Parent's functional and reporting currency. All financial information has been drawn up in thousands of euros and all the figures have been rounded to the nearest thousand, unless indicated otherwise.

Exchange rates used for the conversion of subsidiary financial information were as follows:

	31 December 2018	Average for 12 months 2018
1 EUR/CHF	1.1269	1.1550
1 EUR/PLN	4.3014	4.2615
1 EUR/HUF	320.9800	318.8900
1 EUR/CZK	25.7240	25.6470
1 EUR/USD	1.1450	1.1810
1 EUR/RUB	79.7153	74.0416

3. Segment information

The Group has the following two strategic divisions, which are its reportable segments. These divisions offer different products and are managed separately because they require different technology and marketing strategies.

The following summary describes the operations of each reportable segment.

Reportable segments	Operations
Textiles	Manufacturing, processing and wholesale of textiles
Lingerie	Manufacturing, processing, wholesale and retail (including online) of lingerie products

Two divisions are integrated through the sale of textiles to lingerie segment for the production of lingerie products. Inter-segment pricing is determined on an arm's length basis.

Primary monitored measures include segment revenues, segment EBITDA (which is defined as profit before depreciation, amortisation, finance income/costs and income tax expense) and segment net profit. These measures are included in internal management reports.

Information related to each reportable segment is set out below. Unallocated items refer to the activities of holding companies (European Lingerie Group AB, AS European Lingerie Group and E|L|B GmbH).

12 months 2018

In thousands of EUR	Textiles	Lingerie	Total segments	Unallocated	Consolidation adjustments	Total
External revenues	33,084	40,391	73,475	-	-	73,475
Intersegment revenue	1,023	-	1,023	-	(1,023)	-
Total revenue	**34,107**	**40,391**	**74,498**	**-**	**(1,023)**	**73,475**
Other operating income	1,074	1,106	2,180	3,005	(3,124)	2,061
Changes in inventories of finished goods and work in progress	477	347	824	-	-	824
Raw materials and services	(14,443)	(12,190)	(26,633)	-	993	(25,640)
Employee benefits expense	(8,995)	(15,349)	(24,344)	(512)	-	(24,856)
Depreciation and amortisation	(1,755)	(1,355)	(3,110)	(1)	-	(3,111)
Impairment loss on trade receivables and contract assets	(48)	(36)	(84)	-	-	(84)
Other operating expenses	(5,820)	(11,419)	(17,239)	(2,508)	372	(19,375)
Operating profit	**4,597**	**1,495**	**6,092**	**(16)**	**(2,782)**	**3,294**
Interest income	251	110	361	327	(636)	52
Other finance income	144	187	331	3	-	334
Interest expense	(422)	(229)	(651)	(3,822)	642	(3,831)
Other finance costs	(195)	(375)	(570)	(2)	-	(572)
Income tax	(171)	(749)	(920)	(692)	-	(1,612)
Net profit	**4,204**	**439**	**4,643**	**(4,202)**	**(2,776)**	**(2,335)**
Operating profit	4,597	1,495	6,092	(16)	(2,782)	3,294
Depreciation and amortisation	1,755	1,355	3,110	1	-	3,111
EBITDA	**6,352**	**2,850**	**9,202**	**(15)**	**(2,782)**	**6,405**
Segment assets	25,498	39,750	65,248	413	-	65,661
Segment liabilities	7,141	13,517	20,658	39,997	-	60,655
Capital expenditure	1,502	442	1,944	3	-	1,947
Number of employees at reporting date	539	732	1,271	8	-	1,279

Q4 2018

In thousands of EUR	Textiles	Lingerie	Total segments	Unallocated	Consolidation adjustments	Total
External revenues	8,870	9,206	18,076	-	-	18,076
Intersegment revenue	223	-	223	-	(223)	-
Total revenue	**9,093**	**9,206**	**18,299**	**-**	**(223)**	**18,076**
Other operating income	175	503	678	423	(525)	576
Changes in inventories of finished goods and work in progress	126	(44)	82	-	-	82
Raw materials and services	(3,752)	(3,008)	(6,760)	-	251	(6,509)
Employee benefits expense	(2,468)	(3,843)	(6,311)	(125)	-	(6,436)
Depreciation and amortisation	(419)	(443)	(862)	-	-	(862)
Impairment loss on trade receivables and contract assets	(22)	29	7	-	-	7
Other operating expenses	(1,232)	(3,852)	(5,084)	(685)	41	(5,728)
Operating profit	**1,501**	**(1,452)**	**49**	**(387)**	**(456)**	**(794)**
Interest income	14	28	42	109	(138)	13
Other finance income	40	82	122	-	-	122
Interest expense	(47)	(78)	(125)	(1,018)	141	(1,002)
Other finance costs	(61)	(83)	(144)	(1)	-	(145)
Income tax	(64)	181	117	(692)	-	(575)
Net profit	**1,383**	**(1,322)**	**61**	**(1,989)**	**(453)**	**(2,381)**
Operating profit	1,501	(1,452)	49	(387)	(456)	(794)
Depreciation and amortisation	419	443	862	-	-	862
EBITDA	**1,920**	**(1,009)**	**911**	**(387)**	**(456)**	**68**
Segment assets	25,498	39,750	65,248	413	-	65,661
Segment liabilities	7,141	13,517	20,658	39,997	-	60,655
Capital expenditure	602	244	846	-	-	846
Number of employees at reporting date	539	732	1,271	8	-	1,279

The assets and liabilities have been presented with eliminations and consolidation adjustments allocated to specific segments.

In presenting the geographic information, segment revenue was based on the geographic location of customers and segment assets were based on the geographic location of the assets.

Revenue

In thousands of EUR	12 months 2018	Q4 2018
Germany	18,148	3,811
Baltic states	10,718	2,684
Russia	8,560	2,629
Belarus	4,678	1,446
Poland	4,318	927
The Netherlands	4,028	775
Spain	3,075	536
France	4,846	1,302
Morocco	2,118	574
Ukraine	1,727	528
Italy	1,634	432
Belgium, Luxemburg	1,479	323
Switzerland, Liechtenstein	1,068	221
Austria	1,005	211
Other countries	6,073	1,677
Total	**73,475**	**18,076**

Non-current non-financial assets

In thousands of EUR	31 December 2018
Germany	9,630
Latvia	8,023
France	5,415
Hungary	2,829
Russia	980
Other countries	175
Total	**27,052**

Non-current assets exclude financial instruments and deferred tax assets.

4. Revenue

In thousands of EUR	12 months 2018	Q4 2018
Sales of goods	72,655	17,883
Rendering of services	820	193
Total	**73,475**	**18,076**

The Group has a diversified clientele and none of the customers have a share exceeding 10% of total revenue.

5. Raw materials and services

In thousands of EUR	12 months 2018	Q4 2018
Raw materials and consumables	22,761	5,389
External services	693	199
Purchases of lingerie garments from third parties	2,186	921
Total	**25,640**	**6,509**

6. Employee benefits expense

In thousands of EUR	12 months 2018	Q4 2018
Wages and salaries	19,817	5,119
Social security contributions	4,025	967
Expenses related to post-employment defined benefit plans	155	142
Other employee benefits	859	208
Total	**24,856**	**6,436**

7. Other operating expenses

In thousands of EUR	12 months 2018	Q4 2018
Utilities	3,126	864
Rents	1,717	433
Sales and marketing	3,564	852
Professional services	2,238	441
Storage, transportation and packaging	1,640	478
Repair and maintenance	883	270
Travel expenses	695	212
IT and communication	485	156
Expenses related to share-based payment arrangements	364	-
Bank services	377	96
Real estate tax	49	2
Change in write downs to net realizable value for obsolete and slow-moving inventories	762	949
Other operating expenses	3,475	975
Total	**19,375**	**5,728**

8. Finance income

In thousands of EUR	12 months 2018	Q4 2018
Interest income on loans	48	12
Interest income on trade and other receivables	4	1
Foreign exchange gains	333	82
Other finance income	1	1
Net gain from the revaluation of forward exchange contracts	-	39
Total	**386**	**135**

9. Finance costs

In thousands of EUR	12 months 2018	Q4 2018
Interest expense on financial liabilities measured at amortised cost	3,831	1,002
Foreign exchange losses	474	120
Interest expense on net defined benefit liability	70	18
Fines and penalties	10	7
Net loss from the revaluation of forward exchange contracts	18	-
Total	**4,403**	**1,147**

EUR 3,831 thousand of interest expense in 12 months 2018 (Q4 2018: EUR 1,002 thousand) consist of EUR 3,216 thousand (Q4 2018: EUR 808 thousand) of interest expense on loans and borrowings, EUR 443 thousand (Q4 2018: EUR 134 thousand) of interest expense related to the amortisation of transaction costs on bonds issue which were deducted from the bond nominal value, EUR 112 thousand (Q4 2018: none) of interest expense related to the amortisation of convertible notes to nominal value after revision of estimated cash flows due to early repayment and EUR 60 thousand of interest expense related to unwinding of discount on deferred consideration payable for AO Avangard.

10. Income tax expense

The income tax rate applied to the Parent in 2018 was 22.0%.

The major components of income tax expense for the period ended 31 December are:

In thousands of EUR	12 months 2018	Q4 2018
Current tax expense		
Current period	565	45
Deferred tax expense (benefit)		
Origination and reversal of temporary differences	1,047	530
Income tax expense reported in profit or loss	**1,612**	**575**

11. Property, plant and equipment

In thousands of EUR	Land and buildings	Machinery and equipment	Other property, plant and equipment	Property, plant and equipment under construction	Total
Cost					
At 31 December 2017	-	-	-	-	-
Acquisitions from common control transactions	9,666	20,381	4,830	2	34,879
Additions from business combinations	-	-	149	-	149
Additions	214	669	336	623	1,842
Transfers	-	2	-	(2)	-
Disposals	-	(182)	(114)	(10)	(306)
Effect of movements in exchange rates	(76)	(24)	(6)	-	(106)
At 31 December 2018	**9,804**	**20,846**	**5,195**	**613**	**36,458**
Accumulated depreciation					
At 31 December 2017	-	-	-	-	-
Acquisitions from common control transactions	2,104	17,232	3,154	-	22,490
Depreciation	402	1,409	558	-	2,369
Disposals	-	(173)	(66)	-	(239)
Effect of movements in exchange rates	(2)	(4)	(1)	-	(7)
At 31 December 2018	**2,504**	**18,464**	**3,645**	**-**	**24,613**
Carrying amounts					
At 31 December 2017	-	-	-	-	-
At 31 December 2018	**7,300**	**2,382**	**1,550**	**613**	**11,845**

12. Intangible assets

In thousands of EUR	Goodwill	Brand names	Customer base	Software	Order backlog	Total
Cost						
At 31 December 2017	-	-	-	-	-	-
Acquisitions from common control transactions	4,615	4,225	949	929	219	10,937
Additions from business combinations	2,322	1,762	1,166	155	-	5,405
Additions	-	-	-	105	-	105
Disposals	-	-	-	(101)	-	(101)
Effect of movements in exchange rates	-	-	-	(2)	-	(2)
At 31 December 2018	**6,937**	**5,987**	**2,115**	**1,086**	**219**	**16,344**
Accumulated depreciation						
At 31 December 2017	-	-	-	-	-	-
Acquisitions from common control transactions	-	-	95	270	73	438
Amortisation	-	-	306	290	146	742
Disposals	-	-	-	(42)	-	(42)
Effect of movements in exchange rates	-	-	-	(1)	-	(1)
At 31 December 2018	**-**	**-**	**401**	**517**	**219**	**1,137**
Carrying amounts						
At 31 December 2017	-	-	-	-	-	-
At 31 December 2018	**6,937**	**5,987**	**1,714**	**569**	**-**	**15,207**

13. Inventories

In thousands of EUR	30 September 2018	31 December 2017
Raw materials and consumables	6,529	-
Work in progress	1,878	-
Finished goods	10,505	
Right to recover returned goods	93	-
Inventories	**19,005**	**-**

14. Trade and other receivables

In thousands of EUR	31 December 2018	31 December 2017
Financial trade and other receivables		
Trade receivables	14,390	-
Loans to related parties (note 18)	848	-
Trade receivables due from related parties (note 18)	669	-
Other receivables	386	-
Allowance for trade and other receivables	(1,055)	-
Allowance for trade and other receivables due from related parties (note 18)	(1,105)	-
	14,133	**-**
Non-financial trade and other receivables		
VAT receivable	202	-
Social contributions receivable	2	-
Other taxes receivable	17	-
Deferred expenses	66	-
	287	**-**
Total	**14,420**	**-**
Non-current	388	-
Current	14,032	-
Total	**14,420**	**-**

Trade receivables at 31 December 2018 in the gross amount of EUR 14,390 thousand mostly comprise receivables for goods sold.

The Group sold with recourse trade receivables to a factoring company with cash proceeds. These trade receivables were not derecognised from the statement of financial position, because the Group retains substantially all of the risks and rewards – primarily credit risk. The amount received on transfer was recognised as secured other loans (see Note 16).

The following information shows the carrying amount of trade receivables that have been transferred but have not been derecognised and the associated liabilities.

In thousands of EUR	31 December 2018	31 December 2017
Carrying amount of trade receivables transferred to a factoring company	1,011	-
Carrying amount of associated liabilities	770	-

15. Capital and reserves

Share capital

Number of shares	2018
In issue at 1 January	-
Issued for cash	60,000
In issue at 31 December – fully paid	**60,000**
Nominal value of one share, EUR	1

The Parent Company has one series of shares. All shares have equal rights to dividends and the Parent Company's residual assets.

Nature and purpose of other equity and reserves

Other equity

Other equity was formed as a result of unconditional shareholder contribution whereby Myrtyle Ventures Ltd, the previous shareholder of the Parent, contributed AS European Lingerie Group shares into the equity of the Company. For more details refer to Note 19.

Restructuring reserve

Restructuring reserve was formed as a result of acquisition of AS European Lingerie Group. The reserve is non-distributable. For more details refer to Note 19.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

16. Loans and borrowings

In thousands of EUR	31 December 2018	31 December 2017
Non-current liabilities		
Bonds	38,713	-
Finance lease liabilities	54	-
Total	**38,767**	**-**
Current liabilities		
Short-term secured bank loans	1,180	-
Secured other loans	770	-
Bonds	336	-
Current portion of finance lease liabilities	40	-
Total	**2,326**	**-**

On 22 February 2018 European Lingerie Group AB issued bonds in Sweden for the amount of EUR 40,000,000. The issued bonds are senior secured bonds with a maturity of 3 years. The bonds bear a floating rate coupon of 3-months Euribor +7.75%, with interest paid quarterly. Transaction costs related to the issue of bonds amounted to EUR 1,730 thousand and were deducted from the nominal value of bonds upon initial recognition. Subsequent to initial recognition bonds are measured at amortised cost using effective interest method. Interest expenses related to amortisation of bonds to nominal value amounted to EUR 443 thousand for the 12 months ended 31 December 2018 (Q4 2018: EUR 134 thousand), see Note 9.

Major part of the proceeds from the bonds was used to repay the long-term borrowings of LSEZ Lauma Fabrics SIA from AS Citadele Bank and AS BlueOrange Bank (EUR 19.8 million) as well as to redeem convertible notes issued by AS European Lingerie Group in 2017 (EUR 12.6 million). The remaining proceeds from bonds were used for the acquisition of Dessus-Dessous S.A.S. shares. The bonds are secured by the pledges over the shares of AS European Lingerie Group, LSEZ Lauma Fabrics SIA and Felina GmbH as well as the mortgage over the real estate owned by LSEZ Lauma Fabrics SIA. Intertrust (Sweden AB) is a collateral agent for the pledged security. In December 2018, European Lingerie Group AB applied for listing of its bonds on Nasdaq Stockholm Corporate Bond list. The application and the prospectus was approved and the bonds are traded since 2 January 2019.

Secured other loans represent amounts received from factoring companies, see Note 14.

17. Trade and other payables

In thousands of EUR	31 December 2018	31 December 2017
Financial trade and other payables		
Trade payables	5,671	-
Accrued expenses	2,184	-
Other payables to related parties	12	-
Payables to personnel	735	-
Other payables	811	-
	9,413	**-**
Non-financial trade and other payables		
Refund liabilities	186	-
VAT payable	140	-
Personal income tax payable	259	-
Social contributions payable	475	-
Other taxes payable	46	-
	1,106	**-**
Total	**10,519**	**-**
Non-current	-	-
Current	10,519	-
Total	**10,519**	**-**

Other current payables include EUR 315 thousand payable for the acquisition of Dessus-Dessous S.A.S. and EUR 11 thousand payable for the acquisition of AO Avangard.

18. Related parties

Transactions with key management personnel

Key management personnel compensation for the 12 months ended 31 December 2018 amounted to EUR 1,012 thousand (Q4 2018: EUR 315 thousand) and comprised only short-term employee benefits in the form of salaries and social contributions.

In thousands of EUR	Transaction values for 12 months 2018	Transaction values for Q4 2018	Balance outstanding at 31 December 2018
Sales of goods and services			
Joint ventures	48	13	
Other related parties	89	-	
Purchases of goods and services			
Shareholders	56	36	
Other related parties	1,888	48	
Interest income accrued during the year			
Joint ventures	42	10	
Shareholders	5	1	
Interest expense accrued during the year			
Shareholders	20	-	
Key management personnel	6	-	
Loans granted			
Shareholders	77	-	
Trade receivables			
Joint ventures			52
Other related parties			658
Other payables			
Shareholders			10
Other related parties			2
Loans receivable			
Joint ventures			607
Shareholders			134
Interest receivable			
Joint ventures			99
Shareholders			8
Allowance for trade and other receivables			
Joint ventures			(488)
Other related parties			(617)

19. Acquisition of subsidiary

Common control transactions

AS European Lingerie Group

On 19 February 2018, Myrtyle Ventures Ltd, being the direct Parent Company of AS European Lingerie Group, contributed AS European Lingerie Group shares into the equity of European Lingerie Group AB. As a result, the direct Parent Company of AS European Lingerie Group changed from Myrtyle Ventures Ltd to European Lingerie Group AB. The contribution was made at the fair value of the equity of AS European Lingerie Group in the amount of EUR 43,500 thousand.

The contribution of AS European Lingerie Group shares, made at the fair value of the equity of AS European Lingerie Group, created a revaluation reserve in the consolidated financial statements of European Lingerie Group AB, which is equal to the difference between the fair and the book value of the contributed equity. The following table summarises the book value of assets and liabilities of AS European Lingerie Group:

In thousands of EUR	*Note*	
Property, plant and equipment	*11*	12,389
Intangible assets	*12*	10,499
Deferred tax assets		3,210
Inventories		15,162
Trade and other receivables		19,067
Prepayments		585
Cash and cash equivalents		1,874
Loans and borrowings		(33,606)
Net employee benefit liability		(4,490)
Deferred tax liabilities		(2,032)
Trade and other payables		(14,369)
Provisions		(359)
Deferred income		(1,092)
Total		**6,838**

Restructuring reserve recognised as a result of the transaction is as follows:

In thousands of EUR	
Fair value of contributed equity	43,500
Book value of contributed equity	(6,838)
Restructuring reserve	**36,662**

Business combinations

Dessus-Dessous S.A.S

On 14 June 2018 the Group acquired 100% of shares and voting rights in Dessus-Dessous S.A.S, the largest online retailer of lingerie and swimwear in France. With the acquisition of Dessus-Dessous S.A.S. the Group will expand to the online retail segment of the lingerie market which reinforces its strategic commitment to building a truly vertically integrated business.

The following table summarises the acquisition-date fair value of each major class of consideration transferred:

In thousands of EUR	*Note*	
Cash		6,000
Deferred consideration payable in March 2019	*17*	315
Contingent consideration		-
Total		**6,315**

The Group has agreed to pay the selling shareholder additional consideration of up to EUR 1,333 thousand if the acquiree's EBITDA for the financial year 2018 exceeds the reference level as per sale and purchase agreement. The Group has estimated the fair value of contingent consideration at the date of acquisition to be zero.

The Group incurred acquisition related costs of EUR 151 thousand on legal fees and due diligence costs. These costs have been included in other operating expenses.

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

In thousands of EUR	*Note*	
Property, plant and equipment	*11*	149
Intangible assets	*12*	3,083
Deferred tax assets		20
Inventories		2,507
Trade and other receivables		83
Prepayments		39
Cash and cash equivalents		290
Trade and other payables		(824)
Provisions		(87)
Deferred tax liabilities		(1,267)
Total		**3,993**

Goodwill arising from the acquisition has been recognised as follows:

In thousands of EUR	*Note*	
Consideration transferred		6,315
Book value of identifiable net assets		(3,993)
Goodwill	*12*	**2,322**

The goodwill is attributable mainly to the skills and technical talent of Dessus-Dessous S.A.S. work force.

AS EUROPEAN LINGERIE GROUP

CONDENSED INTERIM PARENT COMPANY FINANCIAL STATEMENTS

FOR THE TWELVE MONTHS AND FOURTH QUARTER ENDED
31 DECEMBER 2018
(UNAUDITED)

Parent Company Financial information

General information

The Parent of the Group is European Lingerie Group AB (previously Goldcup 15769 AB). The name of the Parent was changed on 29 January 2018.

Type of operations

The Company carries out holding operations through investing in and managing assets involved in manufacturing, processing, wholesale and retail of textiles and lingerie products. The assets of the Parent Company consist of shares in AS European Lingerie Group and Felina S.a.r.l. as of 31 December 2018. Loss before taxes of European Lingerie Group AB totalled EUR 2,419 thousand during 12 months 2018 (Q4 2018: loss of EUR 580 thousand).

Accounting Principles

The Interim Report for the Parent Company has been prepared in accordance with the Annual Accounts Act and recommendation RFR 2, "Accounting for Legal Entities" of the Swedish Financial Reporting Board.

Condensed Parent Company statement of profit or loss and other comprehensive income

For the twelve months and fourth quarter ended 31 December

In thousands of EUR	*Note*	12 months 2018	Q4 2018
Other operating income		59	40
Employee benefits expense	20	(126)	(44)
Other operating expenses	21	(1,331)	(285)
Operating profit		**(1,398)**	**(289)**
Finance income	22	2,111	637
Finance costs	23	(3,132)	(928)
Net finance costs		**(1,021)**	**(291)**
Profit before income tax		**(2,419)**	**(580)**
Income tax expense	24	-	-
Profit for the period		**(2,419)**	**(580)**
Total comprehensive income		**(2,419)**	**(580)**
Profit attributable to:			
Owners of the Company		(2,419)	(580)

Condensed Parent Company statement of financial position

In thousands of EUR	*Note*	31 December 2018	31 December 2017
Assets			
Shares in subsidiaries		46,309	
Trade and other receivables	*25*	33,795	-
Total non-current assets		**80,104**	**-**
Trade and other receivables	*25*	195	60
Prepayments		127	-
Cash and cash equivalents		40	-
Total current assets		**362**	**60**
Total assets		**80,466**	**60**
Equity			
Share capital		60	60
Other equity		43,500	-
Retained earnings		(2,419)	-
Total equity		**41,141**	**60**
Liabilities			
Loans and borrowings	*26*	38,713	-
Total non-current liabilities		**38,713**	**-**
Loans and borrowings	*26*	336	-
Trade and other payables	*27*	276	-
Total current liabilities		**612**	**-**
Total liabilities		**39,325**	**-**
Total equity and liabilities		**80,466**	**60**

Condensed Parent Company statement of changes in equity

For the twelve months ended 31 December

In thousands of EUR	*Note*	Attributable to owners of the Parent Company Share capital	Other equity	Retained earnings	Total equity
Balance at 31 December 2017		**60**	**-**	**-**	**60**
Total comprehensive income					
Profit for the period		-	-	(2,419)	(2,419)
Other comprehensive income		-	-	-	-
Total comprehensive income		**-**	**-**	**(2,419)**	**(2,419)**
Transactions with owners of the Group					
Contributions and distributions					
Acquisition of a subsidiary under common control		-	43,500	-	43,500
Total contributions and distributions		**-**	**43,500**	**-**	**43,500**
Total transactions with owners of the Group		**-**	**43,500**	**-**	**43,500**
Balance at 31 December 2018		**60**	**43,500**	**(2,419)**	**41,141**

Condensed Parent Company statement of cash flows

For the twelve months and fourth quarter ended 31 December

In thousands of EUR	*Note*	12 months 2018	Q4 2018
Cash flows from operating activities			
Profit/(loss) for the reporting period		**(2,419)**	**(580)**
Adjustments for:			
Finance income	*22*	(2,110)	(636)
Finance costs	*23*	3,130	927
Foreign exchange gains	*22*	(1)	(1)
Foreign exchange losses	*23*	2	1
Changes in:			
Trade and other receivables		(65)	460
Prepayments		(127)	(127)
Trade and other payables		281	157
Cash generated from operating activities		**(1,309)**	**201**
Interest paid		(2,351)	(792)
Net cash from operating activities		**(3,660)**	**(591)**
Cash flows from investing activities			
Interest received		21	21
Proceeds from repayment of loans issued		8,535	605
Acquisition of subsidiary net of cash acquired		(2,809)	-
Deposits placed in restricted accounts		(5)	-
Loans issued		(40,372)	-
Net cash used in investing activities		**(34,630)**	**626**
Cash flows from financing activities			
Proceeds from issue of share capital		60	-
Proceeds from loans and borrowings		40,000	-
Transaction costs related to loans and borrowings		(1,730)	-
Net cash from/(used in) financing activities		**38,330**	**-**
Net increase/(decrease) in cash and cash equivalents		**40**	**35**
Cash and cash equivalents at 1 January/1 October		-	5
Cash and cash equivalents at 31 December		**40**	**40**

Notes to the condensed consolidated interim financial statements

20. Employee benefits expense

In thousands of EUR	12 months 2018	Q4 2018
Wages and salaries	102	35
Social security contributions	24	9
Total	**126**	**44**

21. Other operating expenses

In thousands of EUR	12 months 2018	Q4 2018
Professional services	1,131	167
Travel expenses	62	61
IT and communication	1	1
Bank services	21	1
Other operating expenses	116	55
Total	**1,331**	**285**

22. Finance income

In thousands of EUR	12 months 2018	Q4 2018
Interest income on loans	2,110	636
Foreign exchange gains	1	1
Total	**2,111**	**637**

23. Finance costs

In thousands of EUR	12 months 2018	Q4 2018
Interest expense on financial liabilities measured at amortised cost	3,130	927
Foreign exchange losses	2	1
Total	**3,132**	**928**

24. Income tax expense

The income tax rate applied to the Parent Company in 2018 was 22.0%. The Parent Company did not have any corporate income tax expense in 2018.

25. Trade and other receivables

In thousands of EUR	31 December 2018	31 December 2017
Financial trade and other receivables		
Loans to related parties (note 28)	33,795	-
Other receivables	5	60
Other receivables due from related parties (note 28)	172	-
	33,972	**60**
Non-financial trade and other receivables		
VAT receivable	18	-
	18	**-**
Total	**33,990**	**60**
Non-current	33,795	-
Current	195	60
Total	**33,990**	**60**

Loans to related parties comprise mainly intra-group loans. For more details refer to Note 28.

26. Loans and borrowings

In thousands of EUR	31 December 2018	31 December 2017
Non-current liabilities		
Bonds	38,713	-
Total	**38,713**	**-**
Current liabilities		
Bonds	336	-
Total	**336**	**-**

27. Trade and other payables

In thousands of EUR	31 December 2018	31 December 2017
Financial trade and other payables		
Accrued expenses	109	-
Other payables to related parties	70	-
Payables to personnel	29	-
Other payables	62	-
	270	**-**
Non-financial trade and other payables		
Personal income tax payable	3	-
Social contributions payable	3	-
	6	**-**
Total	**276**	**-**
Non-current	-	-
Current	276	-
Total	**276**	**-**

28. Related parties

Transactions with key management personnel

Key management personnel compensation for the 12 months ended 31 December 2018 amounted to EUR 126 thousand (Q4 2018: EUR 44 thousand) and comprised only short-term employee benefits in the form of salaries and social contributions.

In thousands of EUR	Transaction values for 12 months 2018	Transaction values for Q4 2018	Balance outstanding at 31 December 2018
Sales of goods and services			
Subsidiaries	58	38	
Purchases of goods and services			
Shareholders	56	11	
Other related parties	1,321	12	
Subsidiaries	378	95	
Interest income accrued during the year			
Subsidiaries	2,110	636	
Loans granted			
Subsidiaries	40,372		
Other receivables			
Subsidiaries			172
Other payables			
Shareholders			10
Other related parties			2
Subsidiaries			58
Loans receivable			
Subsidiaries			30,798
Interest receivable			
Subsidiaries			2,997

As the Parent Company carries out holding operations through investing in and managing assets, all loans issued and outstanding as of 31 December 2018 are intra-group loans.

All related party transactions of the Group have been made on market terms in all material aspects.

Statement by the Board of Directors

The Board of Directors of European Lingerie Group AB has reviewed and approved condensed consolidated and Parent Company interim financial statements for the 12 months and fourth quarter ended 31 December 2018.

The interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and give a true and fair view of the consolidated and Parent Company financial position, financial performance and cash flows.

Stockholm, 28 February 2019

Indrek Rahumaa
Chairman of the Board

Fredrik Synnerstad
Board member

Dmitry Ditchkovsky
Board member

Peter Partma
Board member, CEO

E | L | G

EUROPEAN LINGERIE GROUP

www.elg-corporate.com