

**E | L | G**

**EUROPEAN LINGERIE  
GROUP**



**EUROPEAN LINGERIE GROUP AB**

---

**QUARTERLY REPORT – TWELVE MONTHS  
AND FOURTH QUARTER**

**1 JANUARY 2020 – 31 DECEMBER 2020**

# CONTENTS

MANAGEMENT REPORT	3
CONDENSED INTERIM FINANCIAL STATEMENTS	12
Information on the Company	13
Condensed consolidated statement of profit or loss and other comprehensive income	14
Condensed consolidated statement of financial position	15
Condensed consolidated statement of changes in equity	16
Condensed consolidated statement of cash flows	17
Notes to the condensed interim financial statements	20
Parent Company Financial information	34
Condensed Parent Company statement of profit or loss and other comprehensive income	35
Condensed Parent Company statement of financial position	36
Condensed Parent Company statement of changes in equity	37
Condensed Parent Company statement of cash flows	38
Notes to the condensed Parent Company interim financial statements	39
Statement by the Board of Directors	42

# MANAGEMENT REPORT

# MANAGEMENT REPORT

## General information

European Lingerie Group AB (the "Parent" and together with its subsidiaries the "Group") is a Public Limited Liability Company domiciled in Sweden. At 31 December 2020 the Group had 20 wholly owned subsidiaries, a representative office located in Russia and a joint venture company located in Latvia.

## Type of operations

European Lingerie Group AB is fully vertically integrated intimate apparel and lingerie group, which produces lace and fabrics for largest lingerie brands under Lauma Fabrics brand name, medical textiles under Lauma Medical brand name, as well as designs, manufactures and distributes branded premium lingerie garments under Conturelle, Felina and Senselle brands. It has successfully embarked upon a growth strategy involving international merger & acquisition targets and building size, and is today a renowned and strong player in the European intimate apparel industry.

The Group is headquartered in Sweden, European Union. The Group operates its own production facilities in Latvia, Hungary, Belarus and Germany. It trades in 46 countries and its markets include Germany, Austria, France, Italy, Spain, Belgium, Netherlands, Finland, Denmark, Switzerland, Sweden, Norway, Slovakia, Slovenia, Portugal, Poland, Czech Republic, Greece, Hungary, UK and Baltic States in Europe and USA, Canada, China, Australia and New Zealand, Georgia, Iceland, Sri Lanka, Morocco, Israel, Lebanon, Russia and CIS countries in the rest of the world.

The combined turnover of Group's entities for 2020 exceeded EUR 63 million and the combined workforce was over 1,000 people.

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

With the rapid spread of the coronavirus (COVID-19) pandemic around the world, an unprecedented healthcare crisis began, causing significant disruptions to the operations of companies and daily life of people.

In March 2020, various restrictions came into force in many countries to reduce the spread of COVID-19, significantly slowing down econom-

ic growth. These public policy measures, which were and still are aimed at limiting the spread of COVID-19, have a significant impact on economic activity in many sectors. At the same time, governments introduced various financial support mechanisms to mitigate the economic impact of the COVID-19 pandemic. Also European Lingerie Group companies have applied for such state aids.

After release of the restrictions and re-opening of shops at the end of the second quarter of 2020 and throughout the third quarter of 2020, the Group experienced rather stable recovery of its volumes, but when the countries were hit by COVID-19 second wave in the middle of Autumn, governments reinstated the lock-downs in majority of the countries, which is still continuing to various extent in most of the Group's main markets. As a result, the fourth quarter of 2020 had slightly larger drop in revenue against the same period last year than the third quarter showed.

As a result of pandemic, revenue in 12 months 2020 for European Lingerie Group was 17.8% lower than in 12 months 2019. The drop in traditional textile and lingerie products was larger, but the Group was able to outweigh part of it with additional business from sewing protective masks as well as trading imported medical masks and respirators. This gave large support to the Group in covering its operating costs during the down-time period. Revenue in the fourth quarter 2020 for the Group was 18.6% lower than in the fourth quarter 2019. The textiles segment achieved a smaller drop in revenue than the lingerie segment experienced with the help of diversification of target markets and rather good performance of CIS markets of the Group where lock-down measures were lighter in the second half of 2020 than in Europe. The drop in the revenue of the lingerie ready garment segment is mainly explained by the continuing relatively weak customer turnover in physical stores as stores were closed in major part of Europe. In the countries where the lock-downs didn't include the store closure, tourism was still limited throughout the whole period and people in general were reluctant to visit public places in order to escape from the risk of being infected.

As response measures to the volume drop, the management initiated several cost saving actions to save the profitability. These were implemented across all the Group's companies according to the

available state supports in the counties of operations and contractual possibilities. The measures taken were downtime initiation for the employees, reduction of the number of employees where possible, reduction of production volumes with sub-contractors to maximize internal capacity utilisation, initiation of alternative business opportunities, i.e. production of protective masks, cancellation or putting on hold of all possible contracts and costs as well as application for state subsidies and state supported loans. These actions allowed the Group to restart production in June 2020 when lock-down measures in the countries were fully or partially released and when the customers restarted their operations and restarted their orders from the Group, to save costs and to continue being EBITDA profitable and liquidity stable throughout the whole period.

Online retail of the Group continued working as normal during the lock-down periods and sales were even higher in some months than in the same period last year. In 12 months 2020, Dessus-Dessous SAS achieved a revenue growth against the same period last year.

As announced on the website and in the Annual Report 2019, in July 2020 the Group reached an agreement on a standstill with the Bondholder Committee (representing approximately 60 per cent of the Total Nominal Amount of the Bonds) regarding ELG's defaults under the Terms and Conditions as well as a cooperation between the ELG and the Bondholder Committee to explore and execute a potential restructuring of the Group and the Bonds. The initial long stop date for the standstill was 30 November 2020 (the "Standstill Period"), which was later extended to accommodate the investment process deadlines with a requirement to sign binding investment agreement by 28 February 2021 and full closing of transaction by the end of March 2021 at the latest. As of the date of publishing this report, the process for potential investment into the Group as well as bond restructuring is progressing well, however, the investment documentation is still being finalised in cooperation with the Bondholder Committee. Therefore, the Group expects the Standstill Period to be further prolonged to accommodate the time frame required to complete the investment process.

Provided that certain conditions are met, the Bondholder Committee has agreed to the following undertakings during the Standstill Period:

- not to instruct Intertrust (Sweden) AB (the "Agent") to accelerate the Bonds due to ELG's failure to (a) comply with the Maintenance Test

covenant for Q3 and Q4 2019 as well as Q1, Q2, Q3 and Q4 2020, (b) pay Interest in respect of the Bonds on the Interest Payment Date for the Interest Period ending on 22 May 2020, on 22 August 2020 and on 22 November 2020, (c) comply with Clause 11.1(a)(i) (Information from the Issuer) due to the fact that ELG has not timely delivered the Audited Financial Report for the financial year 2019, and (d) timely announce the intra-group transfer of shares of Felina GmbH from Felina International AG to E[L]B GmbH;

- to waive any breach of (a) Clause 13.4 (Financial Indebtedness) due to the planned additional aid loans and (b) Clause 13.8 (Negative Pledge) due to the additional security to be provided in respect of these loans.

The amendments, extensions and waivers above are subject to the Group's and principal shareholder continued cooperation with Bondholders' Committee for finalization of the investment process as well as certain milestones being satisfied throughout the investment process. The Standstill Period may be further extended or, if certain conditions of the standstill agreement are not met, lapse prior to the end of the agreed period.

Furthermore, because of the ongoing restructuring process, the Group did not repay its Bonds on 22 February 2021, which is the original maturity date stipulated in the Terms and Conditions. The non-repayment of the bonds on the original maturity date constitutes an Event of Default and any potential de-listing of the Bonds from Nasdaq Stockholm could result in an Event of Default under the Terms and Conditions. The Company restored the listing of the Bonds on Nasdaq Stockholm on 23 February 2021 and intends to uphold it to correspond with the period to close the transaction under the Standstill Letter. The Bondholder Committee has undertaken, during the standstill period, not to instruct the Agent to accelerate the Bonds due to any such Event of Defaults. The maturity date of the Bonds has been extended in the system kept by the central depository and registrar, Euroclear Sweden AB, to 31 March 2021 to correspond with the anticipated period to close the transaction under the Standstill Letter. In case further extension of the closing of the transaction will be provided, the maturity date will accordingly be amended. The Group will continue to provide further information on the investment process through its public announcements.

It is noted that the completion of any restructuring measures agreed upon during the Standstill Period

is subject to the approval of an additional Written Procedure to be held in accordance with the Terms and Conditions.

## Financial highlights of the reporting quarter

### Selected financial indicators

Selected financial indicators of the Group were calculated on the basis of the consolidated interim financial statements of European Lingerie Group AB for 12 months 2020, Q4 2020 and 12 months 2019, Q4 2019.

Summarized selected financial indicators of the Group for 12 months 2020 compared to 12 months 2019, Q4 2020 compared to Q4 2019 and 31.12.2020 compared to 31.12.2019 were as follows:

In thousands of EUR	12 months 2020	12 months 2019	Change
Revenue	63,724	77,554	-17.8%
Normalised operating profit <sup>1</sup>	325	4,698	-93.1%
Normalised EBITDA <sup>2</sup>	4,115	8,829	-53.4%
Normalised net profit/(loss) <sup>3</sup>	(3,253)	873	-472.6%
Operating cash flow for the period	3,679	1,890	94.7%

In thousands of EUR	Q4 2020	Q4 2019	Change
Revenue	15,060	18,494	-18.6%
Normalised operating profit <sup>1</sup>	239	(126)	-289.7%
Normalised EBITDA <sup>2</sup>	1,121	1,210	-7.4%
Normalised net profit/(loss) <sup>3</sup>	(492)	(212)	132.2%
Operating cash flow for the period	(712)	319	-323.2%

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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	31.12.2020	31.12.2019	Change to 31.12.2019
Total assets	67,003	70,386	-4.8%
Total current assets	34,371	37,798	-9.1%
Cash and cash equivalents	5,915	1,365	333.3%
Total current liabilities	60,700	56,387	7.6%
Adjusted current liabilities <sup>4</sup>	20,796	17,107	21.6%
Gross interest-bearing debt <sup>5</sup>	51,901	46,996	10.4%
Net interest-bearing debt <sup>6</sup>	45,986	45,631	0.8%

<sup>4</sup> Adjusted total current liabilities exclude bond liabilities in the amount of EUR 39,904 thousand classified as short-term (31 December 2019: EUR 39,280 thousand).

<sup>5</sup> Gross interest-bearing debt includes non-current and current loans and borrowings.

<sup>6</sup> Net interest-bearing debt is calculated as gross interest-bearing debt less cash and cash equivalents.

Marginal analysis, %	12 months 2020	12 months 2019	Change
Normalised operating profit margin	0.5%	6.1%	-5.6%
Normalised EBITDA margin	6.5%	11.4%	-4.9%
Normalised net profit margin	-5.1%	1.1%	-6.2%

Marginal analysis, %	Q4 2020	Q4 2019	Change
Normalised operating profit margin	1.6%	-0.7%	2.3%
Normalised EBITDA margin	7.4%	6.5%	0.9%
Normalised net profit margin	-3.3%	-1.1%	-2.2%

Financial ratios	31.12.2020	31.12.2019
ROA (return on assets) <sup>7</sup>	-4.7%	1.3%
Adjusted current ratio <sup>8</sup>	1.7	2.2
Adjusted quick ratio <sup>9</sup>	0.9	1.0
12 months rolling normalised EBITDA <sup>10</sup>	4,115	8,829
Net debt/EBITDA <sup>11</sup>	11.2	5.2

<sup>7</sup> ROA (return on assets) is calculated as the 12 months rolling normalised net profit divided by the average total assets for the relevant period.

<sup>8</sup> Adjusted current ratio is calculated as total current assets divided by adjusted total current liabilities.

<sup>9</sup> Adjusted quick ratio is calculated as total current assets excluding inventories divided by adjusted total current liabilities.

<sup>10</sup> 12 months rolling normalised EBITDA is EBITDA for the period from 1 January 2020 to 31 December 2020 and from 1 January 2019 to 31 December 2019

<sup>11</sup> 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 reported financial information of European Lingerie Group AB for 12 months 2020, Q4 2020 and for 12 months 2019, Q4 2019.

The Group's sales amounted to EUR 63,724 thousand in 12 months 2020 (Q4 2020: EUR 15,060 thousand), representing a 17.8% decrease as compared to sales of 12 months 2019 (18.6% decrease to Q4 2019). In 12 months 2020, the decrease in sales was mainly a result of COVID-19 outbreak followed by partial deferral of orders by customers as well as significant reduction of orders during the lock-down periods. In addition to that, due to introduction of a smaller Felina swimwear collection in 2020, revenue of swimwear was also



lower in 12 months 2020 than in the same period last year. In the reporting quarter, the textiles segment experienced a smaller drop in revenue than the lingerie segment. The drop in the revenue of the lingerie ready garment segment in the reporting quarter is mainly explained by the reinstated lock-downs in majority of the European countries with subsequent closure of stores. In the markets, where the lockdown was softer and the stores were still open, customer turnover in physical stores was still weak as explained above. The better performance of the textiles segment is explained by diversification of target markets and rather good performance of CIS markets of the Group where lock-down measures were not as strict.

Profitability margins in 12 months 2020 were below previous year which is explained by COVID-19 outbreak and shortfall in revenue which made it difficult to cover part of the fixed costs. The drop in profitability though was partly outweighed by the additional business from protective masks, state subsidies received for the down-time payments to employees and working capital needs and strict cost control during the lock-down periods. Q4 2020 profitability from traditional textile and lingerie product operations was satisfactory for the current level of revenue and that was achieved to the large extent with the help of state supports, strict control of costs and reduced cost base in the production locations of the Group, which was realised earlier this year.

Normalised EBITDA in 12 months 2020 amounted to EUR 4,115 thousand (Q4 2020: EUR 1,121 thousand) and decreased by 53.4% compared to 12 months 2019 (7.4% decrease to Q4 2019). Normalised EBITDA margin in 12 months 2020 and 12 months 2019 was 6.5% and 11.4% respectively (Q4 2020 and Q4 2019: 7.4% and 6.5% respectively).

Normalised net profit in 12 months 2020 amounted to a loss of EUR 3,253 thousand (Q4 2020: loss of EUR 492 thousand), compared to normalised net profit of EUR 873 thousand in 12 months 2019 (Q4 2019: loss of EUR 212 thousand). Decrease in net profit is as well explained by the reasons described above.

Normalised net profit margin in 12 months 2020 and 12 months 2019 was -5.1% and 1.1% respectively (-3.3% and -1.1% in Q4 2020 and Q4 2019 respectively).

### **Financial position**

Financial position of the Group at 31 December 2020 and 31 December 2019 was consolidated position as per the consolidated interim financial

statements of European Lingerie Group AB for 12 months 2020 and 12 months 2019 respectively.

At 31 December 2020 consolidated total assets amounted to EUR 67,003 thousand representing a decrease of 4.8% as compared to the statement of financial position at 31 December 2019.

Inventories balance decreased by 19.2% compared to the balance at 31 December 2019. The decrease was a result of reduction in production volumes to align with the current revenue levels as well as optimisation of the inventory levels. Also, the results of the started improvement measures in the consignment arrangements brought additional improvement in the total inventories balance at the reporting date.

Current trade and other receivables decreased by 25.4% compared to the balance at 31 December 2019 as a result of lower sales in 12 months 2020. Higher allowance for expected credit loss is a result of the bad economic cycle statistics applied for the calculations in 2020. The Group expects reversals of these additional allowances in the coming periods when the economic cycle applied to the calculation is changed to a normal cycle. Part of the reversal was already recognised in Q4 2020 based on the improved ageing and payment discipline of the debtors.

Cash and cash equivalents increased by EUR 4,550 thousand compared to 31 December 2019 mainly as a result of improvements in working capital and additional inflows from credit line facilities.

Loans and borrowings at 31 December 2020 increased by EUR 4,905 thousand compared to 31 December 2019, which is explained by the increase in the utilised credit line facilities and additional leases recognised in accordance with IFRS 16 requirements after renegotiation of lease terms and conclusion of new lease agreements for new time frames.

Current trade and other payables at 31 December 2020 were EUR 9,074 thousand and decreased by EUR 2,439 thousand compared to 31 December 2019. Decrease is explained by general decrease of level of business and the improvement of liquidity during the year and repayment of accumulated outstanding debts.

### **Sales**

Sales structure of the Group was calculated on the basis of the reported financial information of European Lingerie Group AB for 12 months 2020, Q4

2020 and 12 months 2019, Q4 2019.

### Sales by markets

Core operating markets for European Lingerie Group are Germany, Spain, France, Poland, Benelux countries, Baltic countries, Russia, Belarus, Italy and Ukraine. Group's sales in its core markets in 12 months 2020 were 85.4% of its total sales against 84.2% in 12 months 2019 (82.3% in Q4 2020 against 84.4% in Q4 2019).

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

In thousands of EUR	12 months 2020	12 months 2019	Change, %	12 months 2020, % of sales	12 months 2019, % of sales
Germany	11,893	17,230	-31.0%	18.7%	22.2%
Baltic countries <sup>12</sup>	11,693	9,023	29.6%	18.3%	11.6%
France	8,521	6,590	29.3%	13.4%	8.5%
Russia	7,222	10,888	-33.7%	11.3%	14.0%
Belarus	4,413	5,171	-14.7%	6.9%	6.7%
Benelux countries <sup>13</sup>	3,781	5,094	-25.8%	5.9%	6.6%
Poland	3,247	4,245	-23.5%	5.1%	5.5%
Italy	1,315	1,871	-29.7%	2.1%	2.4%
Ukraine	1,297	1,545	-16.1%	2.0%	2.0%
Spain	1,048	3,619	-71.0%	1.6%	4.7%
Other markets	9,294	12,278	-24.3%	14.7%	15.8%
<b>Total</b>	<b>63,724</b>	<b>77,554</b>	<b>-17.8%</b>	<b>100.0%</b>	<b>100.0%</b>

In thousands of EUR	Q4 2020	Q4 2019	Change, %	Q4 2020, % of sales	Q4 2019, % of sales
Germany	2,653	3,949	-32.8%	17.6%	21.4%
Russia	2,399	3,115	-23.0%	15.9%	16.8%
Baltic countries <sup>12</sup>	2,251	2,208	1.9%	14.9%	11.9%
Belarus	1,553	1,247	24.5%	10.3%	6.7%
France	1,406	1,558	-9.8%	9.3%	8.4%
Poland	745	842	-11.5%	4.9%	4.6%
Benelux countries <sup>13</sup>	705	848	-16.9%	4.7%	4.6%
Ukraine	431	484	-11.0%	2.9%	2.6%
Spain	152	1,010	-85.0%	1.0%	5.5%
Italy	95	355	-73.2%	0.6%	1.9%
Other markets	2,670	2,878	-7.2%	17.9%	15.6%
<b>Total</b>	<b>15,060</b>	<b>18,494</b>	<b>-18.6%</b>	<b>100.0%</b>	<b>100.0%</b>

<sup>12</sup>Latvia, Estonia and Lithuania

<sup>13</sup>Belgium, the Netherlands and Luxembourg

As a result of COVID-19 outbreak, sales in all markets operated by the Group demonstrated

a decrease in 12 months, except Baltic countries and France. In Q4 2020, also Belarussian market demonstrated a recovery and growth.

Sales in the Baltic countries increased by 29.6% in 12 months 2020 compared to previous year (Q4 2020: increase by 1.9%). 12 months increase is explained by sales of medical masks and respirators, while Q4 growth was a result of the market and production recovery after the first wave of COVID-19.

Sales in France increased by 29.3% in 12 months 2020 and decreased by 9.8% in Q4 2020 compared to previous year. The growth during 12 months 2020 was caused by two factors. Firstly, Felina's Hungarian production facility concluded a contract for sewing protective masks for a French customer. Secondly, switch of demand from traditional shopping to online during the lock-down period resulted in higher sales achieved by the Group's online retailer – Dessus-Dessous S.A.S.

Sales in Spain had the largest drop - by 71.0% in 12 months 2020 and by 85.0% in Q4 2020 compared to previous year. This was mainly a result of Covid-19 impact as well as returns received by the Group from its key customer in the market in the second half of 2020 which combined the returns related to Q1 and Q2 2020, but were delayed due to closure of retail stores in Spring.

Sales in Italy decreased by 29.7% in 12 months 2020 and by 73.2% in Q4 2020 compared to previous year. 12 months drop was not as significant as Q4 because of sales of medical masks imported by the Group from China. Like for like sales change in 12 months 2020 (excluding medical masks impact) was a decrease of 56.5%. Both Spain and Italy suffered severely from the COVID-19 and applied restrictions, which lowered substantially the level of tourists in the country during the summer vacation period and as a result reduced customer flow and sales in the retail stores.

Sales in Russia decreased by 33.7% in 12 months and 23.0% in Q4 2020. This was a result of tighter restrictions on movement imposed by the government in the region together with complete closure of stores except for pharmacies and grocery shops for 2 months during Q2. Belarus and Poland suffered from the same effect as large portion of lingerie ready garments produced in these countries are exported to Russia for retail. After the release of restrictions in June 2020, the Russian market started recovering quite fast and sales volume started to pick up.

Sales in Ukraine decreased by 16.1% in 12 months



2020 and by 11.0% in Q4 2020 compared to previous year. The drop in this market was on a low side compared with other markets which is explained by Senselle by Felina lingerie sales increase in this region.

#### 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:

In thousands of EUR	12 months 2020	12 months 2019	Change, %	12 months 2020, % of sales	12 months 2019, % of sales
Textiles	32,590	34,172	-4.6%	49.1%	42.5%
Lingerie	32,422	44,559	-27.2%	50.9%	57.5%
Intercompany eliminations	(1,288)	(1,177)			
<b>Total</b>	<b>63,724</b>	<b>77,554</b>	<b>-17.8%</b>	<b>100.0%</b>	<b>100.0%</b>

In thousands of EUR	Q4 2020	Q4 2019	Change, %	Q4 2020, % of sales	Q4 2019, % of sales
Textiles	8,223	9,055	-9.2%	54.5%	47.5%
Lingerie	6,849	9,715	-29.5%	45.5%	52.5%
Intercompany eliminations	(12)	(276)			
<b>Total</b>	<b>15,060</b>	<b>18,494</b>	<b>-18.6%</b>	<b>100.0%</b>	<b>100.0%</b>

During 12 months, both textiles and lingerie segment demonstrated a decrease, though textile segment decrease was minor. Lingerie segment suffered more from COVID-19 as it was hit immediately upon the closure of retail stores in most of our core markets. Textile segment felt the reduction 2 weeks later when stopped retail sales hit lingerie manufacturers and brands and these decided to temporarily stop their production as well. In both segments the drop in sales was partially outweighed by the additional sales of imported medical masks and respirators carried out during the lock-down period in the textile segment and by additional in-

come from sewing protective masks in the lingerie segment. In Q4 2020 both segments were below previous year with lingerie segment still experiencing a greater drop which is mainly explained by the lock-down reinstated in most of Europe due to the COVID-19 second wave. Furthermore, closure of stores during the quarter limited significantly the possibility of sales of novelties to be at full price and larger parts of those than normally were either sold at discount or returned at the end of the season.

#### **Investments**

During 12 months 2020 the Group invested into property plant and equipment and intangible assets EUR 626 thousand compared to EUR 2,921 thousand in 12 months 2019. Q4 2020 investments amounted to EUR 211 thousand compared to EUR 372 thousand in Q4 2019. The main investments during Q4 2020 related to Magento and Open ERP platform migration project in Dessus-Dessous S.A.S. which was started in 2019 and was completed in Q4 2020.

In the reporting year, the Group invested in the development of its production base very cautiously due to the significant uncertainty as a result of the rapid spread of the COVID-19 pandemic and put more attention at stabilization of its liquidity and improvement of the working capital situation.

#### **Further development of the Group**

The year 2020 showed that the measures implemented by the Group for recovering lost sales volumes and improving profitability margins start to pay back. This further provides solid base to complete the investment and restructuring process of the bonds.

The Group expects to come back to pre-pandemic levels of revenue in the next 1 to 1.5 years, but with healthier profitability margins than historically. The Group appreciates the support of its customers, suppliers, employees and financiers. All implemented measures, as well as the general approach by the Group and its companies, are targeted at a long-term sustainability of the business as well as its positioning for the period of revived demand. The Group's business model is based on providing high-quality products in relatively short lead times, sourced locally. This is the fundament that is stable as many short-term disruptions come and go.

## Normalised EBITDA and normalized net profit calculation

<i>In thousands of EUR</i>	12 months 2020	12 months 2019	Q4 2020	Q4 2019
<b>Reported EBITDA</b>	<b>(538)</b>	<b>8,184</b>	<b>(2,345)</b>	<b>597</b>
Adjusted by:				
Costs related to the contemplated restructuring costs of the Group	3,385	93	2,913	93
Management contract termination costs	-	310	-	310
Transaction costs:				
Bond change / amendment / restructuring related costs	1,002	137	407	137
Acquisition of subsidiary	-	4	-	-
Net loss on disposal of intangible assets and property, plant and equipment	36	70	5	2
Gain on disposal of subsidiary	-	(217)	-	-
Capital raise related costs	180	-	141	-
Other	50	248	-	71
<b>Normalised EBITDA</b>	<b>4,115</b>	<b>8,829</b>	<b>1,121</b>	<b>1,210</b>
<b>Reported net loss</b>	<b>(7,502)</b>	<b>(220)</b>	<b>(3,254)</b>	<b>(856)</b>
Normalisation adjustments	5,277	1,212	3,628	763
Tax effect on normalization adjustments	(1,028)	(119)	(866)	(119)
<b>Normalised net profit/(loss)</b>	<b>(3,253)</b>	<b>873</b>	<b>(492)</b>	<b>(212)</b>

### **Commentary on the calculation of normalised EBITDA and net profit**

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

- *Costs related to the contemplated restructuring of the Group* in 2020 comprised consulting and legal expenses related to further restructuring measures plan preparation for the Group as well as incurred and accrued costs for potential business model transformation. Restructuring of brands/subsidiaries in 2019 related to restructuring/consolidation of some functions within Felina Group which caused one-off dismissal costs and closure costs as well as consulting and legal expenses related to further restructuring measures plan preparation for the Group.
- *Transaction costs* in 2020 related to renegotiation of the Bond Terms and Conditions, establishment and registration of additional collateral requested by the bondholders as well as restructuring of the bonds through an investment process. 2019 transaction costs related to acquisition of Yustina OOO (renamed to Senselle OOO) and costs related to renegotiation of the Bond Terms and Conditions.
- *Capital raise related costs* included mainly legal costs related to potential equity and debt attraction projects.
- *Other costs* in 2020 included various consulting costs related to the potential investment projects. Other costs in 2019 related to the establishment and activities of the new subsidiary in Germany - Brafetch GmbH, various consultancy costs related to potential investment projects and costs of renaming and relabelling of two new Felina lingerie garment series.
- *Normalisation adjustments for net profit* in 2020 and 2019 included interest expense related to the amortization of transaction costs on bonds issue.



**EUROPEAN LINGERIE  
GROUP AB**

---

**CONDENSED  
INTERIM  
FINANCIAL  
STATEMENTS**

FOR THE TWELVE MONTHS AND  
FOURTH QUARTER ENDED  
31 DECEMBER 2020 (UNAUDITED)

# INFORMATION ON THE COMPANY

Name of the company	<i>European Lingerie Group AB</i>
Legal status of the company	<i>Public Limited Liability Company</i>
Number, place and date of registration	<i>559135-0136, Stockholm, 23 November 2017</i>
Legal and postal address	<i>C/O Rödl &amp; Partner Nordic AB, Drottninggatan 95 A, Stockholm, 113 60 Sweden</i>
Corporate website	<i>www.elg-corporate.com</i>
Core activities	<i>Manufacturing, processing, wholesale and retail of textiles and lingerie products</i>
Members of the Board and their positions	<i>Carl Oscar Edgren, Chairman of the Board Indrek Rahumaa, Member of the Board Dmitry Ditchkovsky, Board Member</i>
Managing director	<i>Indrek Rahumaa</i>
Financial year	<i>1 January 2020 – 31 December 2020</i>
Reporting period	<i>1 January 2020 – 31 December 2020</i>
Information on shareholders	<i>From 26 April 2019 and until 7 January 2020: Helike Holdings OU (71.18%), Bryum Capial Ltd (24.72%), SIA Silver Invest (1.80%), SIA Ievades Nozares (1.60%), Tuida Holding AB (0.40%) and Amorvero Holding OU (0.30%)  From 7 January 2020 and until 26 February 2020: Helike Holdings OU (71.18%), Bryum Capial Ltd (24.72%), SIA Silver Invest (1.80%), Pohja-Balti Usaldusfond (1.60%), Tuida Holding AB (0.40%) and Amorvero Holding OU (0.30%)  From 26 February 2020: Helike Holdings OU (70.35%), Bryum Capial Ltd (25.55%), SIA Silver Invest (1.80%), Pöhja-Balti Usaldusfond (1.60%), Tuida Holding AB (0.40%) and Amorvero Holding OU (0.30%)</i>
Information on the subsidiaries	<i>SIA European Lingerie Group (100.0% from 19 February 2018) Felina France S.a.r.l. (100.0% from 16 May 2018) Senselle OOO (100% from 2 January 2019)</i>
Auditors	<i>Ernst &amp; Young AB Jakobsbergsgatan 24 111 44 Stockholm, Sweden</i>



# Condensed consolidated statement of profit or loss and other comprehensive income

For the twelve months and the fourth quarter ended 31 December

<i>In thousands of EUR</i>	Note	12 months 2020	12 months 2019	Q4 2020	Q4 2019 Restated*
<b>Revenue</b>	4,5	<b>63,724</b>	<b>77,554</b>	<b>15,060</b>	<b>18,494</b>
Other operating income	6	3,630	2,431	855	267
Changes in inventories of finished goods and work in progress		(31)	1,819	(825)	(1,227)
Raw materials and services		(25,818)	(29,615)	(5,542)	(6,502)
Employee benefits expense	7	(24,070)	(26,089)	(7,648)	(6,380)
Depreciation and amortisation		(3,790)	(4,131)	(882)	(1,336)
(Impairment loss)/reversal of impairment loss on trade and other receivables		(270)	194	588	171
Other operating expenses	8	(17,703)	(18,110)	(4,833)	(4,226)
<b>Operating profit/(loss)</b>		<b>(4,328)</b>	<b>4,053</b>	<b>(3,227)</b>	<b>(739)</b>
Finance income	9	2,114	455	334	85
Finance costs	10	(6,376)	(4,607)	(1,475)	(1,172)
<b>Net finance costs</b>		<b>(4,262)</b>	<b>(4,152)</b>	<b>(1,141)</b>	<b>(1,087)</b>
<b>Loss before income tax</b>		<b>(8,590)</b>	<b>(99)</b>	<b>(4,368)</b>	<b>(1,826)</b>
Income tax (expense)/benefit	11	1,088	(121)	1,114	970
<b>Loss for the period attributable to the owners of the Parent Company</b>		<b>(7,502)</b>	<b>(220)</b>	<b>(3,254)</b>	<b>(856)</b>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to profit or loss</b>					
Remeasurements of defined benefit liability, actuarial gain/(loss)		(111)	227	(111)	227
Related tax		34	(70)	34	(70)
		<b>(77)</b>	<b>157</b>	<b>(77)</b>	<b>157</b>
<b>Other comprehensive income</b>					
<b>Items that are or may be reclassified subsequently to profit or loss</b>					
Foreign operations – foreign currency translation differences		(992)	116	(94)	87
		<b>(992)</b>	<b>116</b>	<b>(94)</b>	<b>87</b>
<b>Other comprehensive income, net of tax</b>		<b>(1,069)</b>	<b>273</b>	<b>(171)</b>	<b>244</b>
<b>Total comprehensive income</b>		<b>(8,571)</b>	<b>53</b>	<b>(3,425)</b>	<b>(612)</b>

\* Refer to Note 3 for the explanation of the figures restated in Q4 2019

## Condensed consolidated statement of financial position

<i>In thousands of EUR</i>	<i>Note</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>Assets</b>			
Property, plant and equipment	12	9,533	11,066
Intangible assets		14,270	14,573
Right-of-use assets		4,709	4,306
Deferred tax assets		3,469	1,926
Other receivables	14	651	717
<b>Total non-current assets</b>		<b>32,632</b>	<b>32,588</b>
Inventories	13	16,535	20,471
Corporate tax assets		159	280
Trade and other receivables	14	11,078	14,854
Contract assets		26	29
Prepayments		658	799
Cash and cash equivalents		5,915	1,365
<b>Total current assets</b>		<b>34,371</b>	<b>37,798</b>
<b>Total assets</b>		<b>67,003</b>	<b>70,386</b>
<b>Equity</b>			
Share capital	15	60	60
Reserves	15	(1,208)	(216)
Retained earnings		(3,171)	4,408
<b>Total equity</b>		<b>(4,319)</b>	<b>4,252</b>
<b>Liabilities</b>			
Loans and borrowings	16	3,552	2,666
Net employee defined benefit liability		3,258	3,336
Deferred income		385	449
Provisions		158	221
Other payables	17	68	92
Deferred tax liabilities		3,201	2,983
<b>Total non-current liabilities</b>		<b>10,622</b>	<b>9,747</b>
Loans and borrowings	16	48,349	44,330
Trade and other payables	17	9,074	11,513
Contract liabilities		320	192
Corporate income tax liabilities		168	191
Provisions		2,687	46
Deferred income		102	115
<b>Total current liabilities</b>		<b>60,700</b>	<b>56,387</b>
<b>Total liabilities</b>		<b>71,322</b>	<b>66,134</b>
<b>Total equity and liabilities</b>		<b>67,003</b>	<b>70,386</b>

## Condensed consolidated statement of changes in equity

For the twelve months ended 31 December 2020

Attributable to owners of the Parent Company

<i>In thousands of EUR</i>	Share capital	Translation reserve	Retained earnings	Total equity
<b>Balance at 31 December 2018</b>	<b>60</b>	<b>(332)</b>	<b>5,086</b>	<b>4,814</b>
<b>Total comprehensive income</b>				
Loss for the period	-	-	(220)	(220)
Other comprehensive income	-	116	157	273
<b>Total comprehensive income</b>	<b>-</b>	<b>116</b>	<b>(63)</b>	<b>53</b>
<b>Contributions and distributions</b>				
Equity-settled share-based payment	-	-	(615)	(615)
<b>Total contributions and distributions</b>	<b>-</b>	<b>-</b>	<b>(615)</b>	<b>(615)</b>
<b>Balance at 31 December 2019</b>	<b>60</b>	<b>(216)</b>	<b>4,408</b>	<b>4,252</b>
<b>Total comprehensive income</b>				
Loss for the period	-	-	(7,502)	(7,502)
Other comprehensive income	-	(992)	(77)	(1,069)
<b>Total comprehensive income</b>	<b>-</b>	<b>(992)</b>	<b>(7,579)</b>	<b>(8,571)</b>
<b>Balance at 31 December 2020</b>	<b>60</b>	<b>(1,208)</b>	<b>(3,171)</b>	<b>(4,319)</b>

## Condensed consolidated statement of cash flows

For the twelve months and fourth quarter ended 31 December

<i>In thousands of EUR</i>	<i>Note</i>	<b>12 months 2020</b>	<b>12 months 2019</b>	<b>Q4 2020</b>	<b>Q4 2019</b>
<b>Cash flows from operating activities</b>					
Loss for the reporting period		<b>(7,502)</b>	<b>(220)</b>	<b>(3,254)</b>	<b>(856)</b>
Adjustments for:					
Depreciation		3,073	3,224	675	990
Amortization		717	725	207	164
Impairment losses on goodwill		-	182	-	182
Impairment loss/(reversal of impairment loss) on trade and other receivables		270	(194)	(588)	(171)
Income from government grants		(2,649)	(226)	(623)	(44)
Finance income	9	(50)	(51)	(15)	(11)
Finance costs	10	4,379	4,228	1,100	1,074
Foreign exchange gains	9	(2,064)	(404)	(319)	(74)
Foreign exchange losses	10	1,997	379	375	98
Net loss on disposal of property, plant and equipment		55	71	23	3
Equity-settled share-based payment transactions		-	(615)	-	-
Gain on disposal of subsidiary		-	(217)	-	-
Gain on bargain purchase		-	(22)	-	-
Gain on termination of lease agreement		(24)	(1)	45	(1)
Income tax expense/(benefit)	11	(1,088)	121	(1,114)	(970)
Changes in:					
Inventories		3,936	(1,463)	1,201	831
Trade and other receivables		4,043	(745)	(80)	(198)
Contract assets		3	(3)	46	83
Prepayments		141	140	(109)	(44)
Trade and other payables		(2,638)	1,411	(486)	423
Contract liabilities		128	(100)	(86)	89
Provisions		2,578	(57)	2,592	(104)
Net employee defined benefit liability		(210)	(302)	(70)	(162)
<b>Cash generated from/(used in) operating activities</b>		<b>5,095</b>	<b>5,861</b>	<b>(480)</b>	<b>1,302</b>
Interest paid		(1,344)	(3,585)	(191)	(927)
Income taxes paid		(72)	(386)	(41)	(56)
<b>Net cash from/(used in) operating activities</b>		<b>3,679</b>	<b>1,890</b>	<b>(712)</b>	<b>319</b>

## Condensed consolidated statement of cash flows (continued)

For the twelve months and fourth quarter ended 31 December

<i>In thousands of EUR</i>	<i>Note</i>	<b>12 months 2020</b>	<b>12 months 2019</b>	<b>Q4 2020</b>	<b>Q4 2019</b>
<b>Cash flows from investing activities</b>					
Interest received		31	6	5	-
Proceeds from sale of property, plant and equipment		32	56	31	5
Cash disposed on disposal of subsidiary		-	(2)	-	-
Proceeds from repayment of loans issued		26	74	1	74
Acquisition of subsidiary net of cash acquired		(51)	(228)	-	(11)
Acquisition of property, plant and equipment and intangible assets		(626)	(2,921)	(211)	(372)
Deposits placed on restricted accounts		(100)	-	(5)	-
<b>Net cash used in investing activities</b>		<b>(688)</b>	<b>(3,015)</b>	<b>(179)</b>	<b>(304)</b>
<b>Cash flows from financing activities</b>					
Proceeds from bank loans		647	166	-	166
Change in bank overdraft		1,210	1,573	(100)	(267)
Repayment of borrowings		(54)	-	(32)	-
Payment of finance lease liabilities		(1,313)	(1,299)	(314)	(560)
Proceeds from sale and leaseback transaction		-	595	-	-
Proceed from grants and donations		2,536	13	787	13
(Repayment)/receipt of factoring		(613)	(77)	(256)	90
<b>Net cash from/(used in) financing activities</b>		<b>2,413</b>	<b>971</b>	<b>85</b>	<b>(558)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>					
		<b>5,404</b>	<b>(154)</b>	<b>(806)</b>	<b>(543)</b>
Cash and cash equivalents at 1 January/1 October		1,365	1,335	6,793	1,855
Effect of movement in exchange rates on cash held		(854)	184	(72)	53
<b>Cash and cash equivalents at 31 December</b>		<b>5,915</b>	<b>1,365</b>	<b>5,915</b>	<b>1,365</b>





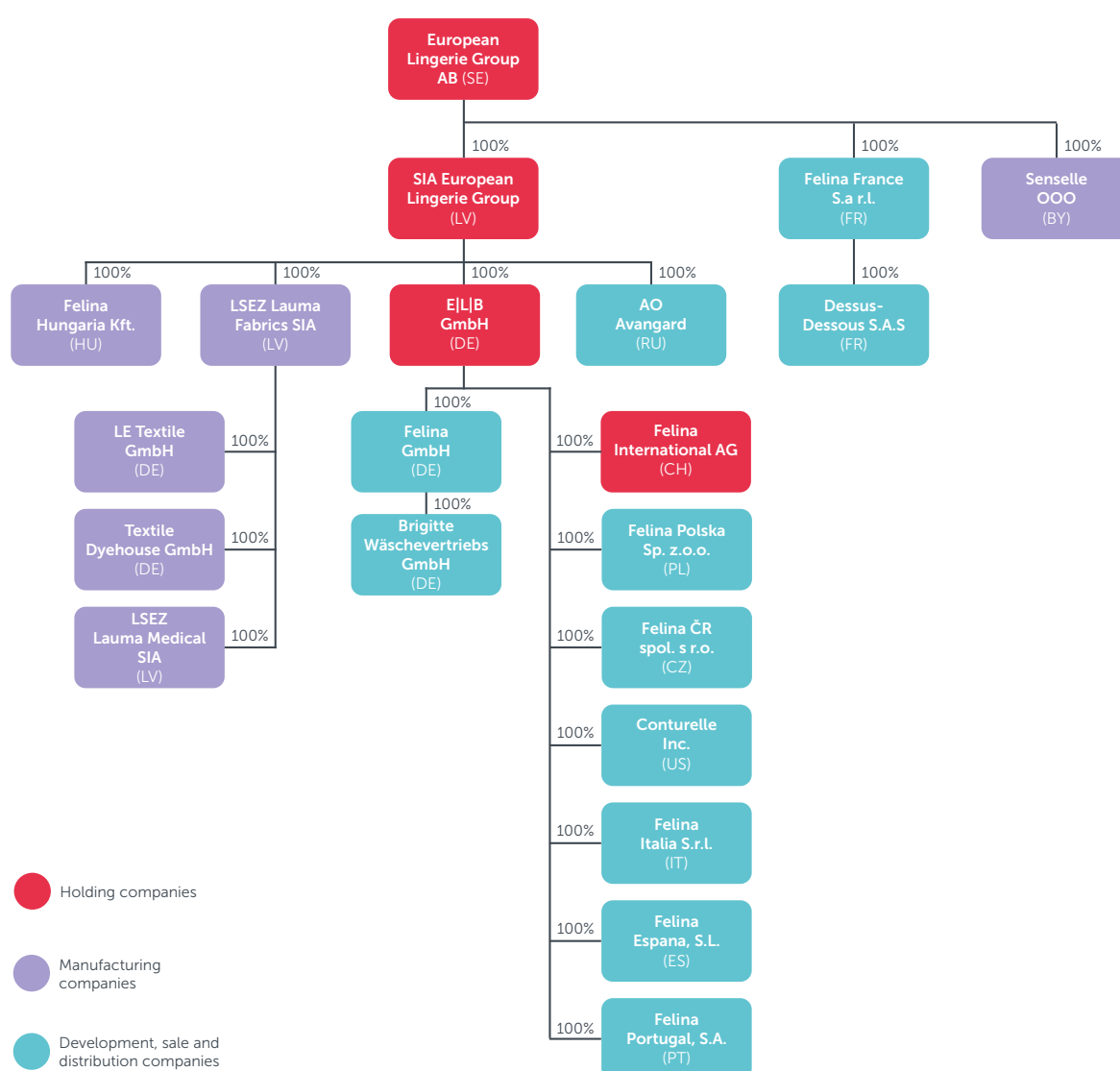
# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

## 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 fourth quarter ended 31 December 2020 comprise the Parent compa-

ny 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 2020, 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		Principal activity
		31 December 2020	31 December 2019	
SIA European Lingerie Group	Latvia	100%	100%	Holding Company
LSEZ Lauma Fabrics SIA	Latvia	100%	100%	Production and wholesale
LE Textile GmbH	Germany	100%	100%	Knitting and design development
Textile Dyehouse GmbH	Germany	100%	100%	Dyeing and finishing services
E L B GmbH	Germany	100%	100%	Holding Company
Felina International AG	Switzerland	100%	100%	Holding Company
Felina Italia S.r.l.	Italy	100%	100%	Wholesale
Felina France S.a r.l.	France	100%	100%	Wholesale
Felina GmbH	Germany	100%	100%	Production and wholesale
Brigitte Wäschevertriebs GmbH	Germany	100%	100%	Retail
Felina Espana S.L.	Spain	100%	100%	Wholesale
Felina Hungaria Kft.	Hungary	100%	100%	Production
Felina Polska Sp. z o.o.	Poland	100%	100%	Retail and wholesale
Felina ČR spol. s.r.o.	Czech Republic	100%	100%	Wholesale
Felina Portugal S.A.	Portugal	100%	100%	Wholesale
Conturelle Inc.	USA	100%	100%	Wholesale
AO Avangard	Russia	100%	100%	Wholesale
Dessus-Dessous S.A.S	France	100%	100%	Online retail
Senselle OOO	Belarus	100%	100%	Production and wholesale
LSEZ Lauma Medical SIA	Latvia	100%	100%	Production and wholesale

## 2. Basis of preparation

These interim financial statements have been prepared in accordance with IAS 34 Interim financial reporting and should be read in conjunction with the Group's last annual financial statements as at and for the period ended 31 December 2019 ('last annual financial statements'). The accounting and measurement policies, as well as the assessment bases, applied in the last 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 2021.

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 2020	31 December 2019	Average for 12 months 2020
1 EUR/CHF	1.0802	1.0854	1.0705
1 EUR/PLN	4.5597	4.2568	4.4430
1 EUR/HUF	363.8900	330.5300	351.2500
1 EUR/CZK	26.2420	25.4080	26.4550
1 EUR/USD	1.2271	1.1234	1.1422
1 EUR/RUB	91.4671	69.9563	82.7248
1 EUR/BYN	3.1680	2.3524	2.7758

	Average for Q4 2020	Average for 12 months 2019	Average for Q4 2019
1 EUR/CHF	1.0779	1.1124	1.0962
1 EUR/PLN	4.5051	4.2976	4.2871
1 EUR/HUF	360.4700	325.3000	331.9300
1 EUR/CZK	26.6670	25.6700	25.5770
1 EUR/USD	1.1929	1.1195	1.1071
1 EUR/RUB	90.8920	72.4553	70.5754
1 EUR/BYN	3.0662	2.3418	2.2950

### 3. Restatements of comparatives

Commission income in the amount of EUR 18 thousand and license income in the amount of EUR 20 thousand were reclassified from 'other operating income' line item in the statement of profit or loss and OCI to revenue line item in Q4 2019 in order to comply with 12 months and Q4 2020 classification.

Additionally, transportation income in the amount of EUR 111 thousand was reclassified from other operating income line item in the statement of profit or loss and OCI in Q4 2019 and instead netted with related transportation expenses within 'other operating expenses' line item in order to comply with 12 months and Q4 2020 classification. The Group sometimes arranges for the delivery of goods for its customers at its own cost and afterwards recharges those transportation costs to customers without charging additional margin on that. Since the Group acts as an agent in these transactions respective transportation income and costs were netted.

The reclassifications have been made by restating each of the affected line items for the prior period. The following table summarises the impacts on the Group's consolidated statement of profit or loss and OCI.

#### For the fourth quarter ended 31 December 2019

In thousands of EUR	As previously reported	Adjustments	As restated
Revenue	18,456	38	18,494
Other operating income	416	(149)	267
Other operating expenses	(4,337)	111	(4,226)
<b>Loss for the period</b>	<b>(856)</b>	-	<b>(856)</b>
<b>Total comprehensive income</b>	<b>(612)</b>	-	<b>(612)</b>

### 4. 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
<b>Textiles</b>	Manufacturing, processing and wholesale of textiles
<b>Lingerie</b>	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, SIA European Lingerie Group and E|L|B GmbH).

**12 months 2020**

<i>In thousands of EUR</i>	<b>Textiles</b>	<b>Lingerie</b>	<b>Total segments</b>	<b>Unallocated</b>	<b>Consolidation adjustments</b>	<b>Total</b>
External revenues	31,302	32,422	63,724	-	-	63,724
Intersegment revenue	1,288	-	1,288	-	(1,288)	-
<b>Total revenue</b>	<b>32,590</b>	<b>32,422</b>	<b>65,012</b>	<b>-</b>	<b>(1,288)</b>	<b>63,724</b>
Other operating income	1,709	1,962	3,671	967	(1,008)	3,630
Changes in inventories of finished goods and work in progress	1,102	(1,133)	(31)	-	-	(31)
Raw materials and services	(16,681)	(10,562)	(27,243)	-	1,425	(25,818)
Employee benefits expense	(8,100)	(15,204)	(23,304)	(766)	-	(24,070)
Depreciation and amortisation	(1,491)	(2,297)	(3,788)	(2)	-	(3,790)
(Impairment loss)/reversal of impairment loss on trade and other receivables	140	(272)	(132)	(138)	-	(270)
Other operating expenses	(6,547)	(10,233)	(16,780)	(1,876)	953	(17,703)
<b>Operating profit/(loss)</b>	<b>2,722</b>	<b>(5,317)</b>	<b>(2,595)</b>	<b>(1,815)</b>	<b>82</b>	<b>(4,328)</b>
Interest income	83	241	324	420	(694)	50
Other finance income	902	1,158	2,060	4	-	2,064
Interest expense	(241)	(719)	(960)	(4,094)	701	(4,353)
Other finance costs	(792)	(1,216)	(2,008)	(15)	-	(2,023)
Income tax	(535)	1,586	1,051	37	-	1,088
<b>Net profit / (loss)</b>	<b>2,139</b>	<b>(4,267)</b>	<b>(2,128)</b>	<b>(5,463)</b>	<b>89</b>	<b>(7,502)</b>
Operating profit/(loss)	2,722	(5,317)	(2,595)	(1,815)	82	(4,328)
Depreciation and amortisation	1,491	2,297	3,788	2	-	3,790
<b>EBITDA</b>	<b>4,213</b>	<b>(3,020)</b>	<b>1,193</b>	<b>(1,813)</b>	<b>82</b>	<b>(538)</b>
Segment assets	25,804	40,738	66,542	461	-	67,003
Segment liabilities	8,811	23,875	32,686	38,636	-	71,322
Capital expenditure	138	488	626	-	-	626
Number of employees at reporting date	478	591	1,069	6	-	1,075



**Q4 2020**

<i>In thousands of EUR</i>	Textiles	Lingerie	Total segments	Unallocated	Consolidation adjustments	Total
External revenues	8,211	6,849	15,060	-	-	15,060
Intersegment revenue	12	-	12	-	(12)	-
<b>Total revenue</b>	<b>8,223</b>	<b>6,849</b>	<b>15,072</b>	<b>-</b>	<b>(12)</b>	<b>15,060</b>
Other operating income	285	600	885	84	(114)	855
Changes in inventories of finished goods and work in progress	(497)	(328)	(825)	-	-	(825)
Raw materials and services	(2,891)	(2,818)	(5,709)	-	167	(5,542)
Employee benefits expense	(2,485)	(5,070)	(7,555)	(93)	-	(7,648)
Depreciation and amortisation	(323)	(570)	(893)	11	-	(882)
(Impairment loss)/reversal of impairment loss on trade and other receivables	520	206	726	(138)	-	588
Other operating expenses	(1,882)	(2,326)	(4,208)	(729)	104	(4,833)
<b>Operating profit/(loss)</b>	<b>950</b>	<b>(3,457)</b>	<b>(2,507)</b>	<b>(865)</b>	<b>145</b>	<b>(3,227)</b>
Interest income	26	82	108	101	(194)	15
Other finance income	86	230	316	3	-	319
Interest expense	(67)	(188)	(255)	(1,043)	176	(1,122)
Other finance costs	(98)	(252)	(350)	(3)	-	(353)
Income tax	(398)	1,481	1,083	31	-	1,114
<b>Net profit/(loss)</b>	<b>499</b>	<b>(2,104)</b>	<b>(1,605)</b>	<b>(1,776)</b>	<b>127</b>	<b>(3,254)</b>
Operating profit/(loss)	950	(3,457)	(2,507)	(865)	145	(3,227)
Depreciation and amortisation	323	570	893	(11)	-	882
<b>EBITDA</b>	<b>1,273</b>	<b>(2,887)</b>	<b>(1,614)</b>	<b>(876)</b>	<b>145</b>	<b>(2,345)</b>
Segment assets	25,804	40,738	66,542	461	-	67,003
Segment liabilities	8,811	23,875	32,686	38,636	-	71,322
Capital expenditure	87	124	211	-	-	211
Number of employees at reporting date	478	591	1,069	6	-	1,075

**12 months 2019**

<i>In thousands of EUR</i>	<b>Textiles</b>	<b>Lingerie</b>	<b>Total segments</b>	<b>Unallocated</b>	<b>Consolidation adjustments</b>	<b>Total</b>
External revenues	32,995	44,559	77,554	-	-	77,554
Intersegment revenue	1,177	-	1,177	-	(1,177)	-
<b>Total revenue</b>	<b>34,172</b>	<b>44,559</b>	<b>78,731</b>	<b>-</b>	<b>(1,177)</b>	<b>77,554</b>
Other operating income	806	761	1,567	23,383	(22,519)	2,431
Changes in inventories of finished goods and work in progress	744	1,075	1,819	-	-	1,819
Raw materials and services	(14,954)	(16,075)	(31,029)	-	1,414	(29,615)
Employee benefits expense	(9,141)	(16,342)	(25,483)	(606)	-	(26,089)
Depreciation and amortisation	(1,563)	(2,384)	(3,947)	(2)	(182)	(4,131)
(Impairment loss)/reversal of impairment loss on trade and other receivables	421	(107)	314	(120)	-	194
Other operating expenses	(6,336)	(11,299)	(17,635)	(1,126)	651	(18,110)
<b>Operating profit</b>	<b>4,149</b>	<b>188</b>	<b>4,337</b>	<b>21,529</b>	<b>(21,813)</b>	<b>4,053</b>
Interest income	44	255	299	295	(543)	51
Other finance income	182	212	394	10	-	404
Interest expense	(261)	(617)	(878)	(3,813)	539	(4,152)
Other finance costs	(87)	(364)	(451)	(4)	-	(455)
Income tax	(65)	(43)	(108)	(13)	-	(121)
<b>Net profit/(loss)</b>	<b>3,962</b>	<b>(369)</b>	<b>3,593</b>	<b>18,004</b>	<b>(21,817)</b>	<b>(220)</b>
Operating profit	4,149	188	4,337	21,529	(21,813)	4,053
Depreciation and amortisation	1,563	2,384	3,947	2	182	4,131
<b>EBITDA</b>	<b>5,712</b>	<b>2,572</b>	<b>8,284</b>	<b>21,531</b>	<b>(21,631)</b>	<b>8,184</b>
Segment assets	27,298	42,591	69,889	497	-	70,386
Segment liabilities	8,370	18,207	26,577	39,557	-	66,134
Capital expenditure	2,345	575	2,920	1	-	2,921
Number of employees at reporting date	503	775	1,278	7	-	1,285

#### Q4 2019 Restated\*

<i>In thousands of EUR</i>	Textiles	Lingerie	Total segments	Unallocated	Consolidation adjustments	Total
External revenues	8,779	9,715	18,494	-	-	18,494
Intersegment revenue	276	-	276	-	(276)	-
<b>Total revenue</b>	<b>9,055</b>	<b>9,715</b>	<b>18,770</b>	<b>-</b>	<b>(276)</b>	<b>18,494</b>
Other operating income	179	118	297	21,437	(21,467)	267
Changes in inventories of finished goods and work in progress	(285)	(942)	(1,227)	-	-	(1,227)
Raw materials and services	(3,650)	(3,278)	(6,928)	-	426	(6,502)
Employee benefits expense	(2,366)	(3,745)	(6,111)	(269)	-	(6,380)
Depreciation and amortisation	(385)	(768)	(1,153)	(1)	(182)	(1,336)
(Impairment loss)/reversal of impairment loss on trade and other receivables	275	16	291	(120)	-	171
Other operating expenses	(1,643)	(2,426)	(4,069)	(504)	347	(4,226)
<b>Operating profit/(loss)</b>	<b>1,180</b>	<b>(1,310)</b>	<b>(130)</b>	<b>20,543</b>	<b>(21,152)</b>	<b>(739)</b>
Interest income	10	51	61	(28)	(22)	11
Other finance income	27	46	73	1	-	74
Interest expense	(79)	(154)	(233)	(862)	30	(1,065)
Other finance costs	4	(110)	(106)	(1)	-	(107)
Income tax	62	893	955	15	-	970
<b>Net profit/(loss)</b>	<b>1,204</b>	<b>(584)</b>	<b>620</b>	<b>19,668</b>	<b>(21,144)</b>	<b>(856)</b>
Operating profit/(loss)	1,180	(1,310)	(130)	20,543	(21,152)	(739)
Depreciation and amortisation	385	768	1,153	1	182	1,336
<b>EBITDA</b>	<b>1,565</b>	<b>(542)</b>	<b>1,023</b>	<b>20,544</b>	<b>(20,970)</b>	<b>597</b>
Segment assets	27,298	42,591	69,889	497	-	70,386
Segment liabilities	8,370	18,207	26,577	39,557	-	66,134
Capital expenditure	150	222	372	-	-	372
Number of employees at reporting date	503	775	1,278	7	-	1,285

\* Refer to Note 3 for explanation of the restated figures for Q4 2019.

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. For information on segment revenue by geographic location of customers refer to Note 5 (ii).

#### Non-current non-financial assets

<i>In thousands of EUR</i>	31 December 2020	31 December 2019
Germany	10,874	10,540
Latvia	7,719	8,923
France	5,779	5,959
Hungary	2,121	2,569
Russia	980	981
Poland	962	882
Other countries	77	91
<b>Total</b>	<b>28,512</b>	<b>29,945</b>

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

## 5. Revenue

### (i) Revenue streams

The Group generates revenue primarily from the sale of textiles and lingerie products (see Note 4). The Group is also involved in provision of cutting and garment sewing services as well as in provision of fabrics dyeing and finishing services.

In thousands of EUR	12 months 2020	12 months 2019
Sales of goods, wholesale	53,874	67,737
Sales of goods, retail	7,027	8,713
Rendering of services	2,676	873
Sales commissions	91	121
License income	56	110
<b>Total revenue from contracts with customers</b>	<b>63,724</b>	<b>77,554</b>

In thousands of EUR	Q4 2020	Q4 2019 Restated*
Sales of goods, wholesale	14,674	15,506
Sales of goods, retail	210	2,708
Rendering of services	159	242
Sales commissions	11	18
License income	6	20
<b>Total revenue from contracts with customers</b>	<b>15,060</b>	<b>18,494</b>

### (ii) Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographic markets. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see Note 4).

In thousands of EUR	12 months 2019		
	Textiles	Lingerie	Total
Germany	2,744	14,486	17,230
Baltic States	8,851	172	9,023
France	864	5,726	6,590
Russia	5,875	5,013	10,888
Belarus	5,158	13	5,171
Poland	1,929	2,316	4,245
The Netherlands	56	3,675	3,731
Morocco	2,376	-	2,376
Italy	169	1,702	1,871
Ukraine	1,368	177	1,545
Belgium, Luxembourg	102	1,261	1,363
Spain	96	3,523	3,619
Swiss, Liechtenstein	-	1,116	1,116
Great Britain	256	595	851
Austria	384	575	959
Sweden	109	147	256
Other countries	2,658	4,062	6,720
<b>External revenue as reported in Note 4</b>	<b>32,995</b>	<b>44,559</b>	<b>77,554</b>

### Q4 2020

In thousands of EUR	Textiles	Lingerie	Total
Germany	435	2,218	2,653
Baltic States	2,213	38	2,251
France	193	1,213	1,406
Russia	1,508	891	2,399
Belarus	1,553	-	1,553
Poland	500	245	745
The Netherlands	12	501	513
Morocco	592	-	592
Italy	7	88	95
Ukraine	315	116	431
Belgium, Luxembourg	40	152	192
Spain	12	140	152
Swiss, Liechtenstein	-	273	273
Great Britain	104	141	245
Austria	16	47	63
Sweden	40	21	61
Other countries	671	765	1,436
<b>External revenue as reported in Note 4</b>	<b>8,211</b>	<b>6,849</b>	<b>15,060</b>

In thousands of EUR	Q4 2019 Restated*		
	Textiles	Lingerie	Total
Germany	705	3,244	3,949
Baltic States	2,168	40	2,208
France	253	1,305	1,558
Russia	1,950	1,165	3,115
Belarus	1,250	(3)	1,247
Poland	420	422	842
The Netherlands	8	624	632
Morocco	655	-	655
Italy	18	337	355
Ukraine	352	132	484
Belgium, Luxembourg	24	192	216
Spain	37	973	1,010
Swiss, Liechtenstein	-	235	235
Great Britain	58	138	196
Austria	82	110	192
Sweden	35	37	72
Other countries	764	764	1,528
<b>External revenue as reported in Note 4</b>	<b>8,779</b>	<b>9,715</b>	<b>18,494</b>

\* Refer to Note 3 for explanation of the restated figures for Q4 2019.

## 6. Other operating income

<i>In thousands of EUR</i>	12 months 2020	12 months 2019
Government grants	2,649	226
Rental income from property leases	621	561
Proceeds from bad debts previously written off	52	21
Income from sales of non-core materials	36	71
Gain/(loss) on termination of lease agreement	24	1
Income related to share-based payment arrangements	-	666
Gain on disposal of subsidiary	-	217
Gain on sale of property, plant and equipment	3	56
Gain on bargain purchase	-	22
Other income from non-core activities	245	590
<b>Total</b>	<b>3,630</b>	<b>2,431</b>

\* Refer to Note 3 for explanation of the restated figures for Q4 2019.

<i>In thousands of EUR</i>	Q4 2020	Q4 2019 Restated*
Government grants	623	44
Rental income from property leases	168	154
Proceeds from bad debts previously written off	13	2
Income from sales of non-core materials	5	9
Gain/(loss) on termination of lease agreement	(45)	1
Gain on sale of property, plant and equipment	3	9
Other income from non-core activities	88	48
<b>Total</b>	<b>855</b>	<b>267</b>

\* Refer to Note 3 for explanation of the restated figures for Q4 2019.

## 7. Employee benefits expense

<i>In thousands of EUR</i>	12 months 2020	12 months 2019
Wages and salaries	16,953	20,777
Social security contributions	4,174	4,486
Expenses related to post-employment defined benefit plans	7	7
Other employee benefits	2,936	819
<b>Total</b>	<b>24,070</b>	<b>26,089</b>

<i>In thousands of EUR</i>	Q4 2020	Q4 2019
Wages and salaries	4,101	5,244
Social security contributions	974	993
Expenses related to post-employment defined benefit plans	2	2
Other employee benefits	2,571	141
<b>Total</b>	<b>7,648</b>	<b>6,380</b>

## 8. Other operating expenses

<i>In thousands of EUR</i>	12 months 2020	12 months 2019
Change in write downs to net realizable value for obsolete and slow-moving inventories	3,370	919
Professional services	3,123	1,561
Sales and marketing	2,908	4,482
Utilities	2,373	2,928
Storage, transportation and packaging	2,012	1,643
Repair and maintenance	728	868
IT and communication	628	681
Bank services	362	389
Travel expenses	240	689
Insurance	232	230
Expense relating to short-term leases	225	325
Car park related costs	62	125
Loss on disposal of property, plant and equipment	58	127
Real estate tax	40	40
Other taxes	218	276
Expenses related to share-based payment arrangements	-	52
Other operating expenses	1,124	2,775
<b>Total</b>	<b>17,703</b>	<b>18,110</b>

<i>In thousands of EUR</i>	Q4 2020	Q4 2019 Restated*
Change in write downs to net realizable value for obsolete and slow-moving inventories	833	(182)
Professional services	938	759
Sales and marketing	664	1,093
Utilities	613	715
Storage, transportation and packaging	628	428
Repair and maintenance	178	243
IT and communication	189	181
Bank services	94	108
Travel expenses	51	127
Insurance	46	73
Expense relating to short-term leases	18	81
Car park related costs	16	34
Loss on disposal of property, plant and equipment	26	12
Real estate tax	4	3
Other taxes	63	89
Other operating expenses	353	462
<b>Total</b>	<b>4,833</b>	<b>4,226</b>

\* Refer to Note 3 for explanation of the restated figures for Q4 2019.

## 9. Finance income

<i>In thousands of EUR</i>	12 months 2020	12 months 2019
Interest income under the effective interest method on:		
Trade and other receivables	50	51
<b>Total interest income arising from financial assets measured at amortised cost</b>	<b>50</b>	<b>51</b>
Foreign exchange gains	2,064	404
<b>Finance income – other</b>	<b>2,064</b>	<b>404</b>
<b>Total</b>	<b>2,114</b>	<b>455</b>

<i>In thousands of EUR</i>	Q4 2020	Q4 2019
Interest income under the effective interest method on:		
Trade and other receivables	15	11
<b>Total interest income arising from financial assets measured at amortised cost</b>	<b>15</b>	<b>11</b>
Foreign exchange gains	319	74
<b>Finance income – other</b>	<b>319</b>	<b>74</b>
<b>Total</b>	<b>334</b>	<b>85</b>

## 10. Finance costs

<i>In thousands of EUR</i>	12 months 2020	12 months 2019
Interest expense on financial liabilities measured at amortised cost	4,353	4,152
Foreign exchange losses	1,997	379
Interest expense on net employee defined benefit liability	21	57
Fines and penalties	5	19
<b>Total</b>	<b>6,376</b>	<b>4,607</b>

<i>In thousands of EUR</i>	Q4 2020	Q4 2019
Interest expense on financial liabilities measured at amortised cost	1,122	1,065
Foreign exchange losses	375	98
Interest expense on net employee defined benefit liability	(22)	5
Fines and penalties	-	4
<b>Total</b>	<b>1,475</b>	<b>1,172</b>

EUR 4,353 thousand of interest expense in 12 months 2020 (Q4 2020: EUR 1,122 thousand) consist of EUR 3,727 thousand (Q4 2020: EUR 996 thousand) of interest expense on loans and borrowings, EUR 624 thousand (Q4 2020: EUR 162 thousand) of interest expense related to the amortisation of transaction costs on bonds issue which were deducted from the bond nominal value and EUR 2 thousand (Q4 2020: none) of interest expenses related to trade and other payables.

EUR 4,152 thousand of interest expense in 12 months 2019 (Q4 2019: EUR 1,065 thousand) consist of EUR 3,585 thousand (Q4 2019: EUR 917 thousand) of interest expense on loans and borrowings, EUR 567 thousand (Q4 2019: EUR 148 thousand) of interest expense related to the amortisation of transaction costs on bonds issue which were deducted from the bond nominal value.

## 11. Income tax expense

The income tax rate applied to the Parent in 2020 was 21.4% (2019: 21.4%).

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

<i>In thousands of EUR</i>	12 months 2020	12 months 2019
<b>Current tax expense/ (benefit)</b>		
Current period	230	434
Changes in estimated related to prior years	(23)	50
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(1,295)	(362)
Reduction in tax rate	-	(1)
<b>Income tax expense/ (benefit) reported in profit or loss</b>	<b>(1,088)</b>	<b>121</b>

<i>In thousands of EUR</i>	Q4 2020	Q4 2019
<b>Current tax expense/ (benefit)</b>		
Current period	190	(93)
Changes in estimated related to prior years	(23)	50
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(1,281)	(926)
Reduction in tax rate	-	(1)
<b>Income tax expense/ (benefit) reported in profit or loss</b>	<b>(1,114)</b>	<b>(970)</b>

## 12. Property, plant and equipment

During the twelve months and the fourth quarter ended 31 December 2020, the Group acquired assets with a cost of EUR 185 thousand and EUR 107 thousand respectively (12 months and Q4 2019: EUR 2,559 thousand and EUR 196 thousand respectively).

Assets with a net book value of EUR 68 thousand were disposed by the Group during 12 months 2020, EUR 10 thousand - during Q4 2020 (12 months 2019: EUR 116 thousand; Q4 2019: none), resulting in a net loss on disposal of EUR 55 thousand and EUR 23 thousand respectively (12 months 2019: EUR 71 thousand; Q4 2019: EUR 3 thousand).

## 13. Inventories

<i>In thousands of EUR</i>	31 December 2020	31 December 2019
Finished goods	10,137	11,851
Raw materials and consumables	5,011	6,691
Work in progress	1,269	1,803
Right to recover returned goods	118	126
<b>Total</b>	<b>16,535</b>	<b>20,471</b>

## 14. Trade and other receivables

<i>In thousands of EUR</i>	31 December 2020	31 December 2019
<b>Financial trade and other receivables</b>		
Trade receivables	10,884	14,941
Loans to related parties (Note 18)	812	819
Trade receivables due from related parties (Note 18)	766	623
Other receivables due from related parties (Note 18)	383	431
Other receivables	629	429
Allowance for trade and other receivables	(1,031)	(1,065)
Allowance for trade and other receivables due from related parties (Note 18)	(1,062)	(737)
Allowance for loans to related parties (Note 18)	(12)	(102)
	<b>11,329</b>	<b>15,339</b>
<b>Non-financial trade and other receivables</b>		
Social contributions receivable	58	2
VAT receivable	228	189
Other taxes receivable	5	6
Deferred expenses	69	35
	<b>360</b>	<b>232</b>
<b>Total</b>	<b>11,689</b>	<b>15,571</b>
Non-current	651	717
Current	11,038	14,854
<b>Total</b>	<b>11,689</b>	<b>15,571</b>

Trade receivables at 31 December 2020 in the gross amount of EUR 10,884 thousand (31 December 2019: EUR 14,941 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.

<i>In thousands of EUR</i>	31 December 2020	31 December 2019
Carrying amount of trade receivables transferred to a factoring company	90	720
Carrying amount of associated liabilities	77	698

## 15. Capital and reserves

### Share capital

<i>Number of shares</i>	31 December 2020	31 December 2019
Opening balance	60,000	60,000
<b>In issue at 31 December – fully paid</b>	<b>60,000</b>	<b>60,000</b>
Nominal value of one share, EUR	1	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 reserves

As at 31 December 2020 reserves include translation reserve in the amount of EUR -1,208 thousand which comprises all foreign currency differences arising from the translation of the financial statements of foreign operations (31 December 2019: EUR -216 thousand).

## 16. Loans and borrowings

<i>In thousands of EUR</i>	31 December 2020	31 December 2019
<b>Non-current liabilities</b>		
Lease liabilities	3,261	2,532
Long-term secured bank loans	213	134
Other long-term loans	78	-
<b>Total</b>	<b>3,552</b>	<b>2,666</b>
<b>Current liabilities</b>		
Bonds	42,582	39,616
Short-term secured bank loans	3,963	2,678
Current portion of lease liabilities	1,221	1,231
Other loans from related parties (Note 18)	336	-
Secured other loans	77	698
Current portion of long-term secured bank loans	132	32
Current portion of other long-term loans	38	-
Short-term unsecured bank loans	-	75
<b>Total</b>	<b>48,349</b>	<b>44,330</b>

As the Group hasn't received a waiver in respect of maintenance test covenant default as of 31 December 2019, the Group reclassified the bonds under the short-term loans and borrowings at 31 December 2019. As of 31 December 2020, the bonds were classified under the short-term loans and borrowings in accordance with their final maturity date.

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

Other long-term loans include interest free loan received by Felina Polska Sp. z o.o from Polski Fund Rozwoju to overcome the negative consequences of COVID-19. The loan matures in May 2023 and is repayable in equal parts starting from June 2021. 75% of the loan may be forgiven by the Fund and is not due for repayment by Felina Polska Sp. z o.o depending on the fulfilment of the following criteria:

- 25% of the loan may be forgiven if the company continues the business during 12 months following the loan issuance.
- 25% of the loan may be forgiven if the company keeps the average number of employees during 12 months following the loan issuance.

- Up to 25% of the loan may be forgiven depending on the loss in sales during 12 months following the loan issuance.

## 17. Trade and other payables

<i>In thousands of EUR</i>	31 December 2020	31 December 2019
<b>Financial trade and other payables</b>		
Trade payables	4,635	7,086
Trade payables to related parties (Note 18)	56	-
Accrued expenses	2,417	1,823
Payables to personnel	566	667
Other payables to related parties (Note 18)	9	-
Other payables	503	552
	<b>8,186</b>	<b>10,128</b>
<b>Non-financial trade and other payables</b>		
Refund liabilities	222	349
VAT payable	64	376
Social contributions payable	478	454
Personal income tax payable	170	277
Other taxes payable	22	21
	<b>956</b>	<b>1,477</b>
<b>Total</b>	<b>9,142</b>	<b>11,605</b>
Non-current	68	92
Current	9,074	11,513
<b>Total</b>	<b>9,142</b>	<b>11,605</b>

Other current payables include deferred payment payable for acquisition of Dessus-Dessous S.A.S. in the amount of EUR 51 thousand at 31 December 2019 (31 December 2020: none).

## 18. Related parties

### Transactions with key management personnel

Key management personnel compensation for 12 months and Q4 2020 amounted to EUR 1,489 thousand and EUR 525 thousand respectively (12 months and Q4 2019: EUR 933 thousand and EUR 312 thousand respectively) and comprised only short-term employee benefits in the form of salaries and social contributions.

## Other related party transactions

<i>In thousands of EUR</i>	Transaction values for 12 months 2020	Transaction values for 12 months 2019	Transaction values for Q4 2020	Transaction values for Q4 2019	Balance outstanding at 31 December 2020	Balance outstanding at 31 December 2019
<b>Sales of goods and services</b>						
Joint ventures	46	44	14	11	-	-
Other related parties	314	69	15	68	-	-
<b>Purchases of goods and services</b>						
Shareholders	-	5	-	-	-	-
Other related parties	467	457	12	180	-	-
<b>Gain on disposal of subsidiary</b>						
Shareholders	-	217	-	-	-	-
<b>Interest income accrued during the year</b>						
Joint ventures	36	41	9	10	-	-
Shareholders	4	4	1	1	-	-
Other related parties	5	-	1	-	-	-
<b>Interest expense accrued during the year</b>						
Shareholders	36	-	11	-	-	-
<b>Loans received</b>						
Shareholders	300	-	-	-	-	-
<b>Trade and other receivables</b>						
Shareholders	-	-	-	-	25	25
Joint ventures	-	-	-	-	6	6
Other related parties	-	-	-	-	1,118	1,023
<b>Allowance for trade and other receivables</b>						
Other related parties	-	-	-	-	(1,062)	(737)
<b>Trade and other payables</b>						
Other related parties	-	-	-	-	65	-
<b>Loans receivable, gross amount</b>						
Joint ventures	-	-	-	-	500	526
Shareholders	-	-	-	-	133	133
<b>Allowance for loans receivable</b>						
Joint ventures	-	-	-	-	(12)	(102)
<b>Interest receivable</b>						
Joint ventures	-	-	-	-	163	148
Shareholders	-	-	-	-	16	12
<b>Loans payable</b>						
Shareholders	-	-	-	-	300	-
<b>Interest payable</b>						
Shareholders	-	-	-	-	36	-

All outstanding balances with the related parties are priced on an arm's length basis and are to be settled in cash within six months of the reporting date except as indicated below. None of the balances is secured.

The Group received a loan from shareholder, He-like Holdings OU, in the amount of EUR 300 thousand during 12 months 2020 (Q4 2020: none). The loan matures on 31 December 2021 and carries the interest rate of 15% per annum. The loan is subordinated to the bonds.

# 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 SIA European Lingerie Group, Felina France S.a.r.l, and Senselle OOO as of 31 December 2020. Net loss of European Lingerie Group AB for 12 months and Q4 2020 was EUR 3,236 thousand and EUR 1,083 thousand respectively (12 months and Q4 2019: loss of EUR 1,950 thousand and EUR 681 thousand respectively).

## Accounting Principles

The interim financial statements of the Parent Company are prepared in accordance with accounting principles generally accepted in Sweden, applying RFR 2 issued by the Swedish Financial Reporting Board and the Annual Accounts Act (1995: 1554). RFR 2 requires the Parent Company to use similar accounting principles as for the Group, i.e. IFRS to the extent allowed by RFR 2. The Parent Company's accounting principles, including accounting for intragroup receivables and their impairment, do not in any material respect deviate from the Group accounting principles described in Note 2.

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

For the twelve months and fourth quarter ended 31 December

<i>In thousands of EUR</i>	<i>Note</i>	<b>12 months 2020</b>	<b>12 months 2019</b>	<b>Q4 2020</b>	<b>Q4 2019 Restated*</b>
Revenue	20	149	116	26	29
Other operating income		41	102	-	-
Employee benefits expense	21	(113)	(130)	(21)	(32)
Impairment loss on trade receivables and contract assets		(129)	-	(129)	-
Other operating expenses		(1,683)	(707)	(597)	(309)
<b>Operating loss</b>		<b>(1,735)</b>	<b>(619)</b>	<b>(721)</b>	<b>(312)</b>
Finance income	22	2,309	2,410	579	592
Finance costs	23	(3,848)	(3,728)	(973)	(948)
<b>Net finance costs</b>		<b>(1,539)</b>	<b>(1,318)</b>	<b>(394)</b>	<b>(356)</b>
<b>Loss before income tax</b>		<b>(3,274)</b>	<b>(1,937)</b>	<b>(1,115)</b>	<b>(668)</b>
Income tax expense		38	(13)	32	(13)
<b>Loss for the period</b>		<b>(3,236)</b>	<b>(1,950)</b>	<b>(1,083)</b>	<b>(681)</b>
<b>Total comprehensive income</b>		<b>(3,236)</b>	<b>(1,950)</b>	<b>(1,083)</b>	<b>(681)</b>

\* Refer to Note 19 for the explanation of the figures restated in Q4 2019.

## Condensed Parent Company statement of financial position

<i>In thousands of EUR</i>	<i>Note</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>Assets</b>			
Shares in subsidiaries		46,328	46,328
Receivables from Group companies	24	6,217	33,277
Deferred tax assets		25	-
<b>Total non-current assets</b>		<b>52,570</b>	<b>79,605</b>
Receivables from Group companies	24	27,335	166
Other receivables	24	159	208
Prepaid expenses and accrued income		-	31
Cash and cash equivalents		23	6
<b>Total current assets</b>		<b>27,517</b>	<b>411</b>
<b>Total assets</b>		<b>80,087</b>	<b>80,016</b>
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital		60	60
<b>Non-restricted equity</b>			
Shareholder contribution		43,500	43,500
Net income		(7,605)	(4,369)
<b>Total equity</b>		<b>35,955</b>	<b>39,191</b>
<b>Liabilities</b>			
Loans and borrowings		723	723
Deferred tax liabilities		-	13
<b>Total non-current liabilities</b>		<b>723</b>	<b>736</b>
Loans and borrowings	25	40,204	39,280
Liabilities to Group companies	26	75	158
Other liabilities	26	308	195
Accrued expenses and deferred income	26	2,822	456
<b>Total current liabilities</b>		<b>43,409</b>	<b>40,089</b>
<b>Total liabilities</b>		<b>44,132</b>	<b>40,825</b>
<b>Total equity and liabilities</b>		<b>80,087</b>	<b>80,016</b>

## Condensed Parent Company statement of changes in equity

For the twelve months ended 31 December 2020

<i>In thousands of EUR</i>	Restricted equity	Non-restricted equity		Total equity
	Share capital	Shareholder contribution	Net income	
<b>Balance at 31 December 2018</b>	<b>60</b>	<b>43,500</b>	<b>(2,419)</b>	<b>41,141</b>
<b>Total comprehensive income</b>				
Loss for the period	-	-	(1,950)	(1,950)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(1,950)</b>	<b>(1,950)</b>
<b>Balance at 31 December 2019</b>	<b>60</b>	<b>43,500</b>	<b>(4,369)</b>	<b>39,191</b>
<b>Total comprehensive income</b>				
Loss for the period	-	-	(3,236)	(3,236)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(3,236)</b>	<b>(3,236)</b>
<b>Balance at 31 December 2020</b>	<b>60</b>	<b>43,500</b>	<b>(7,605)</b>	<b>35,955</b>



## Condensed Parent Company statement of cash flows

For the twelve months and fourth quarter ended 31 December

<i>In thousands of EUR</i>	<i>Note</i>	<b>12 months 2020</b>	<b>12 months 2019</b>	<b>Q4 2020</b>	<b>Q4 2019</b>
<b>Cash flows from operating activities</b>					
Loss for the reporting period		(3,236)	(1,950)	(1,083)	(681)
Adjustments for:					
Finance income	22	(2,305)	(2,408)	(576)	(592)
Finance costs	23	3,841	3,725	973	947
Foreign exchange gains	22	(4)	(2)	(3)	-
Foreign exchange losses	23	7	3	-	1
Impairment loss on trade and other receivables		129	-	129	-
Income tax expense		(38)	13	(32)	13
<b>Changes in:</b>					
Other receivables		690	12	596	177
Prepaid expenses and accrued income		31	96	-	(4)
Other liabilities		105	180	(293)	140
<b>Cash used in operating activities</b>		<b>(780)</b>	<b>(331)</b>	<b>(289)</b>	<b>1</b>
Interest paid		(809)	(3,143)	-	(792)
<b>Net cash used in operating activities</b>		<b>(1,589)</b>	<b>(3,474)</b>	<b>(289)</b>	<b>(791)</b>
<b>Cash flows from investing activities</b>					
Interest received		198	708	40	588
Acquisition of subsidiary		-	(44)	-	-
Deposits placed on restricted accounts		(100)	-	(5)	-
Loans issued		(10)	(396)	-	-
Proceeds from repayment of loans issued		1,218	2,449	270	177
<b>Net cash from investing activities</b>		<b>1,306</b>	<b>2,717</b>	<b>305</b>	<b>765</b>
<b>Cash flows from financing activities</b>					
Proceeds from loans and borrowings		300	723	-	-
<b>Net cash from financing activities</b>		<b>300</b>	<b>723</b>	<b>-</b>	<b>-</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>17</b>	<b>(34)</b>	<b>16</b>	<b>(26)</b>
Cash and cash equivalents at 1 January/1 October		6	40	7	32
<b>Cash and cash equivalents at 31 December</b>		<b>23</b>	<b>6</b>	<b>23</b>	<b>6</b>

# NOTES TO THE CONDENSED PARENT COMPANY INTERIM FINANCIAL STATEMENTS

## 19. Restatement of comparatives

Management fee income from Group companies in the amount of EUR 29 thousand have been reclassified from other operating income line item in the statement of profit or loss and OCI to revenue line item in Q4 2019 in order to comply with 12 months 2020 and Q4 2020 classification. The reclassification has been done by restating each of the affected line items for Q4 2019. The following table summarises the impacts on the Parent's statement of profit or loss and OCI.

Q4 2019			
<i>In thousands of EUR</i>	As previously reported	Adjustments	As Restated
Revenue	-	29	29
Other operating income	29	(29)	-
<b>Loss for the period</b>	<b>(681)</b>	-	<b>(681)</b>
<b>Total comprehensive income</b>	<b>(681)</b>	-	<b>(681)</b>

## 20. Revenue

Revenue of the Parent includes management fee income received from the Group companies in the amount of EUR 149 thousand and EUR 26 thousand for 12 months and Q4 2020 (12 months 2019: EUR 116 thousand; Q4 2019: EUR 29 thousand).

## 21. Employee benefits expense

<i>In thousands of EUR</i>	12 months 2020	12 months 2019
Wages and salaries	94	107
Social security contributions	19	23
<b>Total</b>	<b>113</b>	<b>130</b>

<i>In thousands of EUR</i>	Q4 2020	Q4 2019
Wages and salaries	18	27
Social security contributions	3	5
<b>Total</b>	<b>21</b>	<b>32</b>

As of 31 December 2020, the Parent Company employed 2 people (31 December 2019: 2 people), all of whom are members of the Board of Directors. For details on Board remuneration and related social security costs in the reporting period refer to Note 27.

## 22. Finance income

<i>In thousands of EUR</i>	12 months 2020	12 months 2019
Interest income under the effective interest method on:		
Receivables from Group companies	2,305	2,408
<b>Total interest income arising from financial assets measured at amortised cost</b>	<b>2,305</b>	<b>2,408</b>
Foreign exchange gains	4	2
<b>Finance income – other</b>	<b>4</b>	<b>2</b>
<b>Total</b>	<b>2,309</b>	<b>2,410</b>

<i>In thousands of EUR</i>	Q4 2020	Q4 2019
Interest income under the effective interest method on:		
Receivables from Group companies	576	592
<b>Total interest income arising from financial assets measured at amortised cost</b>	<b>576</b>	<b>592</b>
Foreign exchange gains	3	-
<b>Finance income – other</b>	<b>3</b>	<b>-</b>
<b>Total</b>	<b>579</b>	<b>592</b>

## 23. Finance costs

<i>In thousands of EUR</i>	12 months 2020	12 months 2019
Interest expense on financial liabilities measured at amortised cost	3,841	3,725
Foreign exchange losses	7	3
<b>Total</b>	<b>3,848</b>	<b>3,728</b>

<i>In thousands of EUR</i>	Q4 2020	Q4 2019
Interest expense on financial liabilities measured at amortised cost	973	947
Foreign exchange losses	-	1
<b>Total</b>	<b>973</b>	<b>948</b>

EUR 3,841 thousand of interest expense in 12 months 2020 (Q4 2020: EUR 973 thousand) consist of EUR 3,217 thousand (Q4 2020: EUR 811 thousand) of interest expense on loans and borrowings, EUR 624 thousand (Q4 2020: EUR 162 thousand) of interest expense related to the amortisation of transaction costs on bonds issue which were deducted from the bond nominal value.

EUR 3,725 thousand of interest expense in 12 months 2019 (Q4 2019: EUR 947 thousand) consist of EUR 3,158 thousand (Q4 2019: EUR 799 thousand) of interest expense on loans and borrowings, EUR 567 thousand (Q4 2019: EUR 148 thousand) of interest expense related to the amortisation of transaction costs on bonds issue which were deducted from the bond nominal value.

## 24. Other receivables

<i>In thousands of EUR</i>	31 December 2020	31 December 2019
<b>Financial trade and other receivables</b>		
Loans to Group companies (Note 27)	33,544	33,277
Other receivables due from related parties (Note 27)	154	195
Allowance for other receivables due from related parties (Note 27)	(129)	-
Other receivables from Group Companies (Note 27)	8	166
Other receivables	105	5
	<b>33,682</b>	<b>33,643</b>
<b>Non-financial trade and other receivables</b>		
VAT receivable	-	6
Deferred expenses	29	2
	<b>29</b>	<b>8</b>
<b>Total</b>	<b>33,711</b>	<b>33,651</b>
Non-current	6,217	33,277
Current	27,494	374
<b>Total</b>	<b>33,711</b>	<b>33,651</b>

## 25. Loans and borrowings

Loans and borrowings for the twelve months ended 31 December 2020 comprise secured bonds in the amount of EUR 39,904 thousand (31 December 2019: EUR 39,280 thousand), loans from Group Companies in the amount of EUR 723 thousand (31 December 2019: EUR 723 thousand) and loan from shareholder in the amount of EUR 300 thousand (31 December 2019: none). Refer to Note 18 for details on loan from shareholder.

## 26. Other liabilities

<i>In thousands of EUR</i>	31 December 2020	31 December 2019
<b>Financial trade and other payables</b>		
Accrued interest on bonds	2,678	336
Other payables to Group companies (Note 27)	75	158
Payables to personnel	130	103
Accrued interest on loans from Group companies (Note 27)	44	15
Accrued interest on loans from related parties (Note 27)	37	-
Other accrued expenses	63	105
Other payables to related parties (Note 27)	9	-
Other payables to third parties	134	65
	<b>3,170</b>	<b>782</b>
<b>Non-financial trade and other payables</b>		
VAT payable	13	-
Social contributions payable	14	17
Personal income tax payable	8	10
	<b>35</b>	<b>27</b>
<b>Total</b>	<b>3,205</b>	<b>809</b>
Non-current	-	-
Current	3,205	809
<b>Total</b>	<b>3,205</b>	<b>809</b>

## 27. Related parties

### Transactions with key management personnel

Key management personnel compensation for 12 months and Q4 2020 amounted to EUR 113 thousand and EUR 21 thousand (12 months and Q4 2019: EUR 130 thousand and EUR 32 thousand respectively) and comprised only short-term employee benefits in the form of salaries and social contributions.

## Other related party transactions

<i>In thousands of EUR</i>	Transaction values for 12 months 2020	Transaction values for 12 months 2019	Transaction values for Q4 2020	Transaction values for Q4 2019	Balance outstanding at 31 December 2020	Balance outstanding at 31 December 2019
<b>Sales of goods and services</b>						
Subsidiaries	190	218	25	29	-	-
<b>Purchases of goods and services</b>						
Shareholders	-	5	-	-	-	-
Subsidiaries	801	122	224	72	-	-
Other related parties	164	177	12	75	-	-
<b>Interest income accrued during the period</b>						
Subsidiaries	2,305	2,408	576	592	-	-
<b>Interest expense accrued during the period</b>						
Subsidiaries	29	15	7	7	-	-
Shareholders	36	-	11	-	-	-
<b>Loans granted</b>						
Subsidiaries	10	396	-	-	-	-
<b>Loans received</b>						
Shareholders	300	-	-	-	-	-
Subsidiaries	-	723	-	-	-	-
<b>Other receivables</b>						
Shareholders	-	-	-	-	25	25
Subsidiaries	-	-	-	-	8	166
Other related parties	-	-	-	-	129	170
<b>Allowance for other receivables</b>						
Other related parties	-	-	-	-	(129)	-
<b>Loans receivable</b>						
Subsidiaries	-	-	-	-	27,322	28,579
<b>Interest receivable</b>						
Subsidiaries	-	-	-	-	6,222	4,698
<b>Loans payable</b>						
Shareholders	-	-	-	-	300	-
Subsidiaries	-	-	-	-	723	723
<b>Interest payable</b>						
Shareholders	-	-	-	-	37	-
Subsidiaries	-	-	-	-	44	15
<b>Other payables</b>						
Subsidiaries	-	-	-	-	75	158
Other related parties	-	-	-	-	9	-

As the Parent Company carries out holding operations through investing in and managing assets, all loans issued and outstanding as of 31 December 2020 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 twelve months and the fourth quarter ended 31 December 2020.

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

Stockholm, 28 February 2021

---

Carl Oscar Edgren  
*Chairman of the Board*

---

Dmitry Ditchkovsky  
*Board member*

---

Indrek Rahumaa  
*Board member, CEO*

**E | L | G**

**EUROPEAN LINGERIE  
GROUP**

[www.elg-corporate.com](http://www.elg-corporate.com)