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**EUROPEAN LINGERIE  
GROUP**



**EUROPEAN LINGERIE GROUP AB**

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**QUARTERLY REPORT – SIX MONTHS AND  
SECOND QUARTER**

**1 JANUARY 2021 – 30 JUNE 2021**

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# 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 30 June 2021 the Group had 20 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

The second quarter of 2021 was quite positive for the Group. As European governments have announced gradual release of the lockdown restrictions, including re-opening of stores, this helped in recovering the turnover and moving closer to pre-COVID level of business. Irrespective of the COVID-19 imposed challenges, the Company has shown sufficient financial stability throughout the reporting quarter and continues to deliver good results.

Like for like revenue of the Group from traditional products (excluding the effect of face masks and respirators business in 2020) was 12.3% higher than in the six months 2020. Both textile and lingerie segment performed better than previous year earning positive EBITDA and net profit.

In respect of costs and profitability, the Group is still in the process of implementing various cost saving initiatives and improvements in the processes, functions and digitalisation. Therefore, all measures which have already been done and the ones which are on the way, helped the Group to minimize losses and maintain stable liquidity throughout the reporting period.

As announced on the website, in April 2021 the Group and its major shareholders signed an agreement with the Bondholder Committee (representing approximately 64 per cent of the Total Nominal Amount of the Bonds), AS Rietumu Banka as the lender and its affiliated company RB ELG SIA as equity investor on a restructuring of ELG and its Bonds, under which the Bonds to be repaid with EUR 21 million in cash and the remaining nominal amount of EUR 19 million of the Bonds plus accrued and unpaid interest to be written down to zero. The restructuring was in May 2021 also approved by the holders of the Bonds through a written procedure in accordance with the Terms and Conditions. The first closing of the Restructuring has been completed on 29 June 2021. The second closing, including repayment to the holders of the Bonds according to the above, occurred on 7 July 2021. The restructuring included the following:

- The Investor acquires 30% of shares in SIA ELG, a subsidiary of ELG AB, and certain receivables of ELG AB from ELG SIA for the total purchase price up to EUR 4.5 million. Initially a payment of EUR 2.5 is to be made and final payment of up to EUR 2.0 after completion of the actions stipulated in the transaction agreements will be made for the part of the receivables towards SIA ELG under the Assignment Agreement.
- The Bank provides a loan to SIA ELG group of up to EUR 24.5 million. Subsequent and conditional to the repayment of EUR 2 million mentioned above, the final loan amount will amount to EUR 22.5 million. The Loan will be secured by an extensive security package over

the SIA ELG group's assets (including real estates, assets, machinery, shares, trademarks, receivables etc).

- The proceeds from the loan and the equity investment amount to in total EUR 27 million. EUR 21 million were used to repay the Bonds on 7 July 2021. EUR 2 million were used to re-finance a bank loan issued to the ELG group's German subsidiary, which happened at the end of June 2021. The remainder of the proceeds will be used for working capital needs and transaction costs.

After a competitive bid process during the stand-still period with several investors showing an interest in the ELG group and placing bids on ELG and/or the ELG group, it has been concluded by the Bondholder Committee and ELG that the best cash compensation offered is the offer received from the lender and the equity investor. Considering the structure of alternative offers and timing and prospects on potential return on any alternative non-cash compensation offered by other bidders, the offer received from the lender and the equity investor, was also for other reasons considered the strongest offer.

## 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 6 months 2021, Q2 2021 and 6 months 2020, Q2 2020.

Summarized selected financial indicators of the Group for 6 months 2021 compared to 6 months 2020, Q2 2021 compared to Q2 2020 and 30.06.2021 compared to 30.06.2020 and 31.12.2020 were as follows:

In thousands of EUR	6 months 2021	6 months 2020	Change
Revenue	29,674	32,651	-9.1%
Normalised operating profit <sup>1</sup>	1,565	92	1,601.1%
Normalised EBITDA <sup>2</sup>	3,237	1,999	61.9%
Normalised net profit/(loss) <sup>3</sup>	(1,330)	(1,726)	-22.9%
Operating cash flow for the period	(1,027)	3,753	-127.4%

In thousands of EUR	Q2 2021	Q2 2020	Change
Revenue	16,308	15,690	3.9%
Normalised operating profit <sup>1</sup>	2,727	610	347.0%
Normalised EBITDA <sup>2</sup>	3,568	1,517	135.2%
Normalised net profit/(loss) <sup>3</sup>	988	(859)	-215.0%
Operating cash flow for the period	207	3,133	-93.4%

<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	30.06.2021	30.06.2020	31.12.2020	Change to 30.06.2020	Change to 31.12.2020
Total assets	90,985	71,629	64,265	27.0%	41.6%
Total current assets	59,877	39,666	34,614	51.0%	73.0%
Cash and cash equivalents	4,022	6,023	5,915	-33.2%	-32.0%
Total current liabilities	37,213	59,975	61,104	-38.0%	-39.1%
Adjusted current liabilities <sup>4</sup>	16,213	20,392	21,200	-20.5%	-23.5%
Gross interest-bearing debt <sup>5</sup>	55,015	50,464	51,901	9.0%	6.0%
Net interest-bearing debt <sup>6</sup>	50,993	44,441	45,986	14.7%	10.9%

<sup>4</sup> Adjusted total current liabilities exclude bond liabilities in the amount of EUR 21,000 thousand classified as short-term (31 December 2020: EUR 39,904 thousand, 30 June 2020: EUR 39,583 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, %	6 months 2021	6 months 2020	Change
Normalised operating profit margin	5.3%	0.3%	5.0%
Normalised EBITDA margin	10.9%	6.1%	4.8%
Normalised net profit margin	-4.5%	-5.3%	0.8%

Marginal analysis, %	Q2 2021	Q2 2020	Change
Normalised operating profit margin	16.7%	3.9%	12.8%
Normalised EBITDA margin	21.9%	9.7%	12.2%
Normalised net profit margin	6.1%	-5.5%	11.6%

Financial ratios	30.06.2021	30.06.2020	31.12.2020
ROA (return on assets) <sup>7</sup>	-7.2%	-1.8%	-9.3%
Adjusted current ratio <sup>8</sup>	3.7	1.9	1.6
Adjusted quick ratio <sup>9</sup>	2.6	1.0	0.8
12 months rolling normalised EBITDA <sup>10</sup>	5,192	6,200	3,954
Net debt/EBITDA <sup>11</sup>	9.8	7.2	11.6

<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 July 2020 to 30 June 2021, from 1 July 2019 to 30 June 2020 and from 1 January 2020 to 31 December 2020

<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 6 months 2021, Q2 2021 and for 6 months 2020, Q2 2020.

The Group's sales amounted to EUR 29,674 thousand in 6 months 2021 (Q2 2021: EUR 16,308 thousand), representing a 9.1% decrease as compared to sales of 6 months 2020 (3.9% increase to Q2 2020). Excluding the impact of face masks and respirators business in 2020, like for like sales increased by 12.3% in 6 months and by 74.0% in Q2 compared to the previous year.

Profitability margins in 6 months 2021 were above previous year which is mainly explained by income from state subsidies, including COVID-19 related. Excluding that income, margins were lower for 6 months while much higher for Q2. 6 months 2021 margins were negatively impacted by Q1 when markets still suffered from COVID-19 impact, lockdowns and shortfall in revenue which made it difficult to cover part of the fixed costs.

Normalised EBITDA in 6 months 2021 amounted to EUR 3,237 thousand (Q2 2021: EUR 3,568 thousand) and increased by 61.9% compared to 6 months 2020 (135.2% increase to Q2 2020). Normalised EBITDA margin in 6 months 2021 and 6 months 2020 was 10.9% and 6.1% respectively (Q2 2021 and Q2 2020: 21.9% and 9.7% respectively).

Normalised net profit in 6 months 2021 amounted to a loss of EUR 1,330 thousand (Q2 2021: profit of EUR 988 thousand) compared to a net loss of EUR 1,726 thousand in 6 months 2020 (Q2 2020: net loss of EUR 859 thousand). Increase in net profit is

as well explained by the reasons described above. Normalised net profit margin in 6 months 2021 and 6 months 2020 was -4.5% and -5.3% respectively (6.1% and -5.5% in Q2 2021 and Q2 2020 respectively).

### Financial position

Financial position of the Group at 30 June 2021, 30 June 2020 and 31 December 2020 was consolidated position as per the consolidated interim financial statements of European Lingerie Group AB for 6 months 2021, 6 months 2020 and 12 months 2020 respectively.

At 30 June 2021 consolidated total assets amounted to EUR 90,985 thousand representing an increase of 41.6% as compared to the statement of financial position at 31 December 2020.

Inventories balance increased by 3.6% compared to the level of 31 December 2020 which is a seasonal growth.

Current trade and other receivables increased by 238.3% compared to the balance at 31 December 2020. Key reason is the cash placed on restricted accounts (EUR 21,304 thousand) which was subsequently utilised to repay bonds and transaction costs in July 2021. Growth in trade receivables is seasonal due to delivery of new season collections.

Cash and cash equivalents decreased by EUR 1,893 thousand compared to 31 December 2020 mainly as a result of cash used in operating activities and acquisition of fixed assets.

Loans and borrowings at 30 June 2021 increased by EUR 3,114 thousand compared to 31 December 2020 as a result of restructuring and acquisition by RB ELG SIA of loans receivable by ELG AB from ELG SIA.

Current trade and other payables at 30 June 2021 were EUR 11,650 thousand and increased by EUR 2,172 thousand compared to 31 December 2020 as a result of additional working capital built for the production of new season collections.

### Sales

Sales structure of the Group was calculated on the basis of the reported financial information of European Lingerie Group AB for 6 months 2021, Q2 2021 and 6 months 2020, Q2 2020.

### 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 6 months 2021 were 82.5% of its total sales against 87.2% in 6 months 2020 (84.3% in Q2 2021 against 90.6% in Q2 2020).

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

In thousands of EUR	6 months 2021	6 months 2020	Change, %	6 months 2021, % of sales	6 months 2020, % of sales
Germany	4,822	5,716	-15.6%	16.2%	17.5%
Baltic countries <sup>12</sup>	4,735	6,929	-31.7%	16.0%	21.2%
Russia	3,558	3,018	17.9%	12.0%	9.2%
France	3,277	5,040	-35.0%	11.0%	15.4%
Belarus	2,449	1,426	71.7%	8.3%	4.4%
Poland	2,137	1,221	75.0%	7.2%	3.7%
Benelux countries <sup>13</sup>	2,067	2,048	0.9%	7.0%	6.3%
Ukraine	720	635	13.4%	2.4%	1.9%
Italy	422	1,013	-58.3%	1.4%	3.1%
Spain	280	1,420	-80.3%	0.9%	4.3%
Other markets	5,207	4,185	24.4%	17.6%	13.0%
<b>Total</b>	<b>29,674</b>	<b>32,651</b>	<b>-9.1%</b>	<b>100.0%</b>	<b>100.0%</b>

In thousands of EUR	Q2 2021	Q2 2020	Change, %	Q2 2021, % of sales	Q2 2020, % of sales
Germany	2,951	2,410	22.4%	18.1%	15.4%
Baltic countries <sup>12</sup>	2,679	4,635	-42.2%	16.4%	29.5%
Russia	1,887	1,140	65.5%	11.6%	7.3%
France	1,604	3,263	-50.8%	9.8%	20.8%
Benelux countries <sup>13</sup>	1,439	882	63.2%	8.8%	5.6%
Poland	1,311	381	244.1%	8.0%	2.4%
Belarus	1,183	275	330.2%	7.3%	1.8%
Italy	302	789	-61.7%	1.9%	5.0%
Ukraine	288	170	69.4%	1.8%	1.1%
Spain	106	263	-59.7%	0.6%	1.7%
Other markets	2,558	1,482	72.6%	15.7%	9.4%
<b>Total</b>	<b>16,308</b>	<b>15,690</b>	<b>3.9%</b>	<b>100.0%</b>	<b>100.0%</b>

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

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

Sales in Germany, France, Spain and Italy were below previous year due to restrictions and lockdowns imposed in the countries during the second and third wave of COVID-19.

Sales in the Baltic countries were below previous year in total, but above previous year in both 6 months and Q2 if sales from masks and respirators

are excluded from total sales. Like for like increase in sales excluding face masks impact was 89.4% in 6 months.

Sales in Russia, Belarus and Ukraine demonstrated a positive growth in both 6 months and Q2. Partially this is a result of switching of Asian, Turkish and European supplies of materials to Lauma Fabrics as it is still hard to get goods from those suppliers on time as well as transportation costs from Asia have increased significantly. Furthermore, in the East market the lockdowns were not imposed as extensively and retail continued on relatively normal day to day basis.

Poland and Benelux countries also demonstrated a positive recovery in Q2 which additionally contributed to growth in 6 months.

#### 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
<b>Textiles</b>	Manufacturing, processing and wholesale of textiles
<b>Lingerie</b>	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	6 months 2021	6 months 2020	Change, %	6 months 2021, % of sales	6 months 2020, % of sales
Textiles	16,596	15,673	5.9%	53.1%	45.4%
Lingerie	13,907	17,826	-22.0%	46.9%	54.6%
Intercompany eliminations	(829)	(848)	-	-	-
<b>Total</b>	<b>29,674</b>	<b>32,651</b>	<b>-9.1%</b>	<b>100.0%</b>	<b>100.0%</b>

In thousands of EUR	Q2 2021	Q2 2020	Change, %	Q2 2021, % of sales	Q2 2020, % of sales
Textiles	8,582	7,637	12.4%	49.8%	46.0%
Lingerie	8,190	8,465	-3.2%	50.2%	54.0%
Intercompany eliminations	(464)	(412)	-	-	-
<b>Total</b>	<b>16,308</b>	<b>15,690</b>	<b>3.9%</b>	<b>100.0%</b>	<b>100.0%</b>

During 6 months and Q2 2021, sales in textiles

segment increased by 5.9% and 12.4% accordingly while lingerie segment demonstrated a decrease of 22.0% and 3.3% respectively. Lingerie segment suffered more from COVID-19 as the closure of retail stores was reinstated in most of our core markets during the second and third COVID wave.

### Investments

During 6 months 2021, the Group invested into property plant and equipment and intangible assets EUR 2,514 thousand compared to EUR 338 thousand in 6 months 2020. The main investments were made by LSEZ Lauma Fabrics SIA and related to the advance payment made for the melt blown equipment. The equipment is planned to be launched in Q3 2021 and will produce the melt blown fabrics, which is widely used in filtration products, masks and respirators for medical and industrial use, dis-

posable medical garbs, sanitary products, oil and liquid absorbents and many others.

### Further development of the Group

This pandemic will continue to have an impact on our business in 2021, as customers are less ready to place orders. They do show a lot of appreciation for our direct and transparent communication and our willingness to work in partnership to overcome this crisis. This goodwill we have built up and a number of targeted investments to add new dimensions to the partnership with our customers strengthen our confidence in the future. Furthermore, we have started adding new business lines to our Group in order to split the business risk and grow the revenue and profit more quickly, which should pay back in the long term.

## Normalised EBITDA and normalized net profit calculation

In thousands of EUR	6 months 2021	6 months 2020	Q2 2021	Q2 2020
<b>Reported EBITDA</b>	<b>1,473</b>	<b>1,281</b>	<b>2,535</b>	<b>1,125</b>
Adjusted by:				
Costs related to the contemplated restructuring costs of the Group	284	179	103	137
Bond change / amendment / restructuring related costs	1,468	421	918	222
Net loss on disposal of property, plant and equipment	12	31	12	31
Capital raise related costs	-	37	-	2
Other	-	50	-	-
<b>Normalised EBITDA</b>	<b>3,237</b>	<b>1,999</b>	<b>3,568</b>	<b>1,517</b>
<b>Reported net profit/(loss)</b>	<b>22,012</b>	<b>(2,675)</b>	<b>25,101</b>	<b>(859)</b>
Normalisation adjustments	(23,251)	1,021	(24,078)	545
Tax effect on normalization adjustments	(91)	(72)	(35)	(48)
<b>Normalised net profit/(loss)</b>	<b>(1,330)</b>	<b>(1,726)</b>	<b>988</b>	<b>(362)</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* comprised consulting and legal expenses related to further restructuring measures plan preparation for the Group as well as accrued costs for potential business model transformation.
- *Bond change / amendment / restructuring related costs* included 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.

- *Capital raise related costs* in 2020 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.
- *Normalisation adjustments for net profit* in 2021 and 2020 included interest expense related to the amortization of transaction costs on bonds issue. In 2021 net profit normalisations additionally included income from bank loan forgiveness in German subsidiary (EUR 1,893 thousand) and income from bonds waiver (EUR 23,219 thousand).





**EUROPEAN LINGERIE  
GROUP AB**

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**CONDENSED  
INTERIM  
FINANCIAL  
STATEMENTS**

FOR THE SIX MONTHS AND  
SECOND QUARTER ENDED  
30 JUNE 2021 (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 2021 – 31 December 2021</i>
Reporting period	<i>1 January 2021 – 30 June 2021</i>
Information on shareholders	<i>From 26 February 2020: Helike Holdings OU (70.35%), Bryum Capial Ltd (25.55%), SIA Silver Invest (1.80%), Pohja-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 until 28 June 2021; 70.0% from 29 June 2021) Felina France S.a.r.l. (100.0% from 16 May 2018 until 13 April 2021) Senselle OOO (100% from 2 January 2019 until 28 April 2021)</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 six months and second quarter ended 30 June

<i>In thousands of EUR</i>	<i>Note</i>	<b>6 months 2021</b>	<b>6 months 2020</b>	<b>Q2 2021</b>	<b>Q2 2020</b>
<b>Revenue</b>	3,4	<b>29,674</b>	<b>32,651</b>	<b>16,308</b>	<b>15,690</b>
Other operating income	5	2,616	1,066	1,917	770
Changes in inventories of finished goods and work in progress		(9)	1,080	(215)	(4,512)
Raw materials and services		(10,895)	(14,264)	(5,368)	(2,921)
Employee benefits expense	6	(10,923)	(11,020)	(5,755)	(4,337)
Depreciation and amortisation		(1,672)	(1,907)	(841)	(907)
(Impairment loss)/reversal of impairment loss on trade and other receivables		39	(598)	71	(366)
Other operating expenses	7	(9,029)	(7,634)	(4,423)	(3,199)
<b>Operating profit/(loss)</b>		<b>(199)</b>	<b>(626)</b>	<b>1,694</b>	<b>218</b>
Finance income	8	25,449	946	25,291	350
Finance costs	9	(2,551)	(3,005)	(1,416)	(1,368)
<b>Net finance income/(costs)</b>		<b>22,898</b>	<b>(2,059)</b>	<b>23,875</b>	<b>(1,018)</b>
<b>Profit/(loss) before income tax</b>		<b>22,699</b>	<b>(2,685)</b>	<b>25,569</b>	<b>(800)</b>
Income tax expense/(benefit)	10	(687)	10	(468)	(59)
<b>Profit/(loss) for the period attributable to the owners of the Parent Company</b>		<b>22,012</b>	<b>(2,675)</b>	<b>25,101</b>	<b>(859)</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		232	(493)	160	137
<b>Other comprehensive income, net of tax</b>		<b>232</b>	<b>(493)</b>	<b>160</b>	<b>137</b>
<b>Total comprehensive income</b>		<b>22,244</b>	<b>(3,168)</b>	<b>25,261</b>	<b>(722)</b>

## Condensed consolidated statement of financial position

<i>In thousands of EUR</i>	<i>Note</i>	<b>30 June 2021</b>	<b>31 December 2020</b>	<b>30 June 2020</b>
<b>Assets</b>				
Property, plant and equipment	11	10,846	9,533	10,053
Intangible assets		14,370	14,049	14,487
Right-of-use assets		4,338	4,709	4,926
Deferred tax assets		761	709	1,760
Trade and other receivables	13	793	651	737
<b>Total non-current assets</b>		<b>31,108</b>	<b>29,651</b>	<b>31,963</b>
Inventories	12	17,376	16,773	20,064
Corporate tax assets		51	159	218
Trade and other receivables	13	37,493	11,084	12,266
Contract assets		33	26	56
Prepayments		902	657	1,039
Cash and cash equivalents		4,022	5,915	6,023
<b>Total current assets</b>		<b>59,877</b>	<b>34,614</b>	<b>39,666</b>
<b>Total assets</b>		<b>90,985</b>	<b>64,265</b>	<b>71,629</b>
<b>Equity</b>				
Share capital	14	60	60	60
Reserves	14	(976)	(1,208)	(709)
Retained earnings		14,428	(6,313)	1,733
<b>Equity attributable to owners of the Parent Company</b>		<b>13,512</b>	<b>(7,461)</b>	<b>1,084</b>
Non-controlling interests		150	-	-
<b>Total equity</b>		<b>13,662</b>	<b>(7,461)</b>	<b>1,084</b>
<b>Liabilities</b>				
Loans and borrowings	15	32,487	3,552	3,712
Net employee defined benefit liability		3,177	3,258	3,271
Deferred income		371	385	368
Provisions		161	158	225
Other payables	16	55	68	80
Deferred tax liabilities		3,859	3,201	2,914
<b>Total non-current liabilities</b>		<b>40,110</b>	<b>10,622</b>	<b>10,570</b>
Loans and borrowings	15	22,528	48,349	46,752
Trade and other payables	16	11,650	9,478	12,570
Contract liabilities		252	320	341
Corporate income tax liabilities		80	168	86
Provisions		2,585	2,687	51
Deferred income		118	102	175
<b>Total current liabilities</b>		<b>37,213</b>	<b>61,104</b>	<b>59,975</b>
<b>Total liabilities</b>		<b>77,323</b>	<b>71,726</b>	<b>70,545</b>
<b>Total equity and liabilities</b>		<b>90,985</b>	<b>64,265</b>	<b>71,629</b>

## Condensed consolidated statement of changes in equity

For the six months ended 30 June 2021 **Attributable to owners of the Parent Company**

<i>In thousands of EUR</i>	Share capital	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
<b>Balance at 31 December 2020</b>	60	(1,208)	(6,313)	(7,461)	-	(7,461)
<b>Total comprehensive income</b>						
Profit for the period	-	-	22,012	22,012	-	22,012
Other comprehensive income	-	232	-	232	-	232
<b>Total comprehensive income</b>	-	232	22,012	22,244	-	22,244
<b>Transactions with the owners of the Company</b>						
Sale of 30% of shares in ELG SIA without a change in control	-	-	(1,271)	(1,271)	150	(1,121)
<b>Total transactions with the owners of the Company</b>	-	-	(1,271)	(1,271)	150	(1,121)
<b>Balance at 30 June 2021</b>	60	(976)	14,428	13,512	150	13,662

For the six months ended 30 June 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 2019</b>	60	(216)	4,408	4,252
<b>Total comprehensive income</b>				
Loss for the period	-	-	(2,675)	(2,675)
Other comprehensive income	-	(493)	-	(493)
<b>Total comprehensive income</b>	-	(493)	(2,675)	(3,168)
<b>Balance at 30 June 2020</b>	60	(709)	1,733	1,084



## Condensed consolidated statement of cash flows

For the six months and second quarter ended 30 June

<i>In thousands of EUR</i>	<i>Note</i>	<b>6 months 2021</b>	<b>6 months 2020</b>	<b>Q2 2021</b>	<b>Q2 2020</b>
<b>Cash flows from operating activities</b>					
Profit/(loss) for the reporting period		22,012	(2,675)	25,101	(859)
Adjustments for:					
Depreciation		1,350	1,545	680	727
Amortization		322	362	161	180
Impairment loss / (reversal of impairment loss) on trade and other receivables		(39)	598	(71)	366
Income from government grants		(2,177)	(540)	(1,713)	(502)
Finance income	8	(25,136)	(23)	(25,124)	(11)
Finance costs	9	2,238	2,079	1,265	1,027
Foreign exchange gains	8	(313)	(923)	(167)	(339)
Foreign exchange losses	9	313	926	151	341
Net loss on disposal of property, plant and equipment		12	32	12	32
Gain on termination of lease agreement		-	(69)	-	(61)
Income tax expense/(benefit)	10	687	(10)	468	59
Changes in:					
Inventories		(603)	407	(762)	5,154
Trade and other receivables		(678)	2,291	59	1,931
Contract assets		(7)	(27)	(16)	(8)
Prepayments		(245)	(240)	(293)	80
Trade and other payables		2,225	890	1,206	(501)
Contract liabilities		(68)	149	14	(4,402)
Provisions		(99)	9	(95)	17
Net employee defined benefit liability		(92)	(93)	(46)	(46)
<b>Cash generated from / (used in) operating activities</b>		<b>(298)</b>	<b>4,688</b>	<b>830</b>	<b>3,185</b>
Interest paid		(584)	(972)	(500)	(62)
Income taxes paid		(145)	37	(123)	10
<b>Net cash from / (used in) operating activities</b>		<b>(1,027)</b>	<b>3,753</b>	<b>207</b>	<b>3,133</b>
<b>Cash flows from investing activities</b>					
Interest received		3	3	1	1
Proceeds from sale of property, plant and equipment		-	1	-	-
Acquisition of subsidiary net of cash acquired		-	(51)	-	(21)
Acquisition of property, plant and equipment and intangible assets		(2,514)	(338)	(999)	(174)
Deposits placed on restricted accounts		(21,304)	-	(21,304)	-
<b>Net cash used in investing activities</b>		<b>(23,815)</b>	<b>(385)</b>	<b>(22,302)</b>	<b>(194)</b>

## Condensed consolidated statement of cash flows (continued)

For the six months and second quarter ended 30 June

<i>In thousands of EUR</i>	<i>Note</i>	<b>6 months 2021</b>	<b>6 months 2020</b>	<b>Q2 2021</b>	<b>Q2 2020</b>
<b>Cash flows from financing activities</b>					
Proceeds from bank loans		23,900	576	23,700	305
Change in bank overdraft		(2,070)	1,673	(1,505)	187
Repayment of borrowings		(466)	-	(434)	-
Payment of finance lease liabilities		(619)	(660)	(313)	(290)
Proceed from grants and donations		2,056	535	1,569	535
Repayment of factoring		(19)	(448)	(348)	(768)
<b>Net cash from / (used in) financing activities</b>		<b>22,782</b>	<b>1,676</b>	<b>22,669</b>	<b>(31)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(2,060)</b>	<b>5,044</b>	<b>574</b>	<b>2,908</b>
Cash and cash equivalents at 1 January/1 April		5,915	1,365	3,351	2,961
Effect of movement in exchange rates on cash held		167	(386)	97	154
<b>Cash and cash equivalents at 30 June</b>		<b>4,022</b>	<b>6,023</b>	<b>4,022</b>	<b>6,023</b>



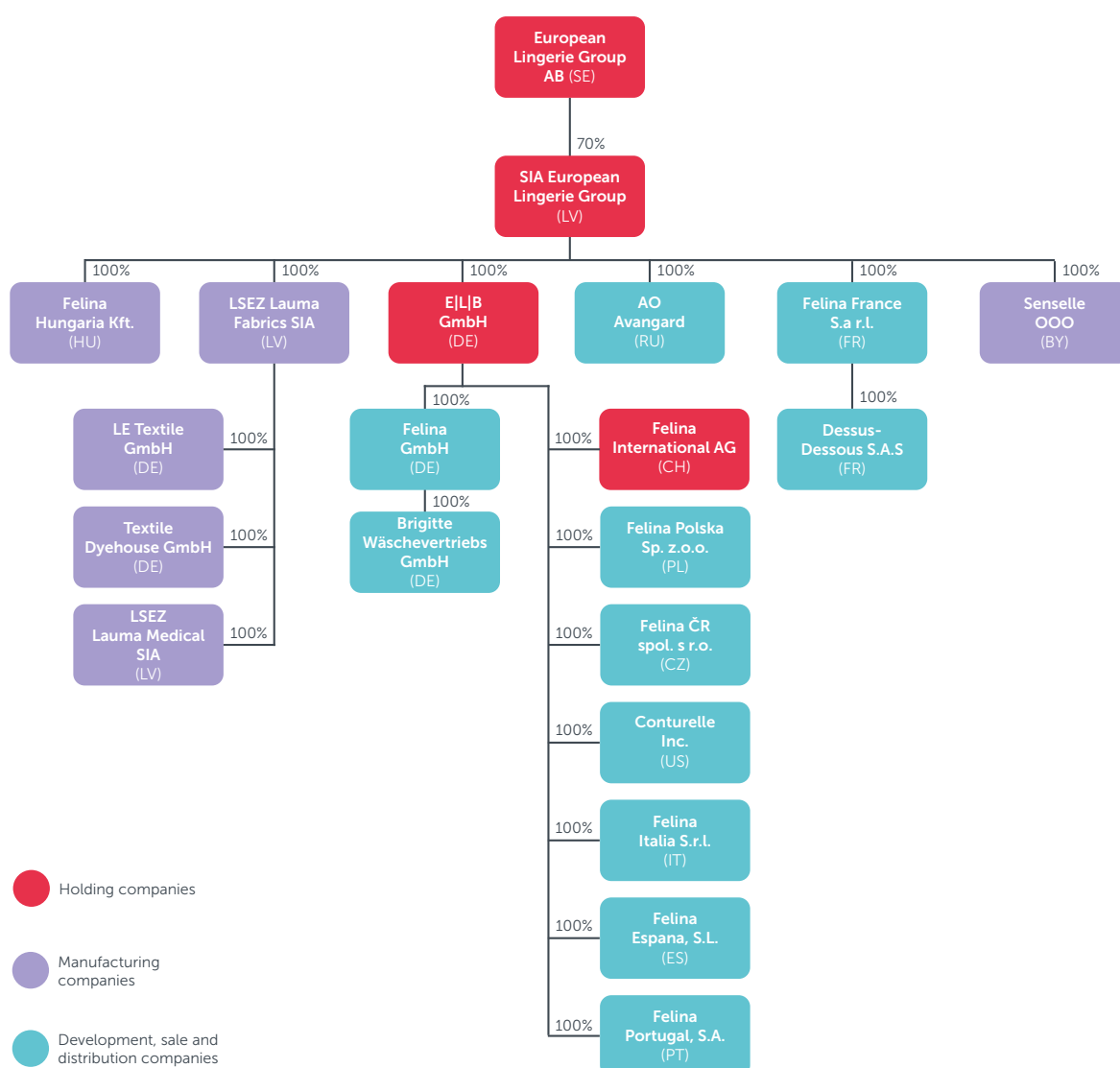
# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

## 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 second quarter ended 30 June 2021 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 30 June 2021, the Group structure was as follows:



The list of the Parent's subsidiaries included in these interim financial statements is presented below.

Subsidiary	Place of incorporation and operations	Proportion of ownership interest at		Principal activity
		30 June 2021	31 December 2020	
SIA European Lingerie Group	Latvia	70%	100%	Holding Company
Felina France S.a r.l.	France	0%	100%	Wholesale
Senselle OOO	Belarus	0%	100%	Production and wholesale

The list of the subsidiaries of SIA European Lingerie Group included in these interim financial statements is presented below.

Subsidiary	Place of incorporation and operations	Proportion of ownership interest at		Principal activity
		30 June 2021	31 December 2020	
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%	0%	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%	0%	Production and wholesale
LSEZ Lauma Medical SIA	Latvia	100%	100%	Production and wholesale

As part of Group restructuring the Parent sold shares in Felina France S.a.r.l and OOO Senselle to SIA European Lingerie Group during Q2 2021.

Additionally, the Parent sold 30% of shares in SIA European Lingerie Group to RB ELG SIA.

## 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 2020 ('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 31 August 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:

	30 June 2021	Average for 6 months 2021
1 EUR/CHF	1.0980	1.0946
1 EUR/PLN	4.5201	4.5374
1 EUR/HUF	351.6800	357.8800
1 EUR/CZK	25.4880	25.8540
1 EUR/USD	1.1884	1.2053
1 EUR/RUB	86.7725	89.5502
1 EUR/BYN	3.0149	3.1023

	31 December 2020	30 June 2020	Average for 6 months 2020
1 EUR/CHF	1.0802	1.0651	1.0642
1 EUR/PLN	4.5597	4.4560	4.4120
1 EUR/HUF	363.8900	356.5800	345.2600
1 EUR/CZK	26.2420	26.7400	26.3330
1 EUR/USD	1.2271	1.1198	1.1020
1 EUR/RUB	91.4671	79.6300	76.6692
1 EUR/BYN	3.1680	2.7036	2.5711

## 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, SIA European Lingerie Group and E|L|B GmbH).



**6 months 2021**

<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	15,768	13,906	29,674	-	-	29,674
Intersegment revenue	828	1	829	-	(829)	-
<b>Total revenue</b>	<b>16,596</b>	<b>13,907</b>	<b>30,503</b>	<b>-</b>	<b>(829)</b>	<b>29,674</b>
Other operating income	755	1,862	2,617	2,001	(2,002)	2,616
Changes in inventories of finished goods and work in progress	(306)	297	(9)	-	-	(9)
Raw materials and services	(6,877)	(4,844)	(11,721)	-	826	(10,895)
Employee benefits expense	(4,938)	(5,843)	(10,781)	(142)	-	(10,923)
Depreciation and amortisation	(673)	(999)	(1,672)	-	-	(1,672)
(Impairment loss)/reversal of impairment loss on trade and other receivables	23	16	39	-	-	39
Other operating expenses	(3,516)	(4,506)	(8,022)	(1,229)	222	(9,029)
<b>Operating profit/(loss)</b>	<b>1,064</b>	<b>(110)</b>	<b>954</b>	<b>630</b>	<b>(1,783)</b>	<b>(199)</b>
Interest income	50	109	159	179	(314)	24
Other finance income	234	1,970	2,204	23,221	-	25,425
Interest expense	(121)	(281)	(402)	(2,141)	317	(2,226)
Other finance costs	(220)	(102)	(322)	(3)	-	(325)
Income tax	(180)	(507)	(687)	-	-	(687)
<b>Net profit/(loss)</b>	<b>827</b>	<b>1,079</b>	<b>1,906</b>	<b>21,886</b>	<b>(1,780)</b>	<b>22,012</b>
Operating profit/(loss)	1,064	(110)	954	630	(1,783)	(199)
Depreciation and amortisation	673	999	1,672	-	-	1,672
<b>EBITDA</b>	<b>1,737</b>	<b>889</b>	<b>2,626</b>	<b>630</b>	<b>(1,783)</b>	<b>1,473</b>
Segment assets	28,748	35,637	64,385	26,600	-	90,985
Segment liabilities	9,560	16,538	26,098	51,225	-	77,323
Capital expenditure	1,866	648	2,514	-	-	2,514
Number of employees at reporting date	477	605	1,082	7	-	1,089

**Q2 2021**

<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	8,118	8,190	16,308	-	-	16,308
Intersegment revenue	464	-	464	-	(464)	-
<b>Total revenue</b>	<b>8,582</b>	<b>8,190</b>	<b>16,772</b>	<b>-</b>	<b>(464)</b>	<b>16,308</b>
Other operating income	490	1,428	1,918	1,907	(1,908)	1,917
Changes in inventories of finished goods and work in progress	240	(455)	(215)	-	-	(215)
Raw materials and services	(4,016)	(1,825)	(5,841)	-	473	(5,368)
Employee benefits expense	(2,695)	(2,985)	(5,680)	(75)	-	(5,755)
Depreciation and amortisation	(350)	(491)	(841)	-	-	(841)
(Impairment loss)/reversal of impairment loss on trade and other receivables	14	57	71	-	-	71
Other operating expenses	(1,446)	(2,253)	(3,699)	(862)	138	(4,423)
<b>Operating profit/(loss)</b>	<b>819</b>	<b>1,666</b>	<b>2,485</b>	<b>970</b>	<b>(1,761)</b>	<b>1,694</b>
Interest income	25	52	77	88	(153)	12
Other finance income	128	1,930	2,058	23,221	-	25,279
Interest expense	(66)	(158)	(224)	(1,188)	154	(1,258)
Other finance costs	(100)	(58)	(158)	-	-	(158)
Income tax	(157)	(311)	(468)	-	-	(468)
<b>Net profit/(loss)</b>	<b>649</b>	<b>3,121</b>	<b>3,770</b>	<b>23,091</b>	<b>(1,760)</b>	<b>25,101</b>
Operating profit/(loss)	819	1,666	2,485	970	(1,761)	1,694
Depreciation and amortisation	350	491	841	-	-	841
<b>EBITDA</b>	<b>1,169</b>	<b>2,157</b>	<b>3,326</b>	<b>970</b>	<b>(1,761)</b>	<b>2,535</b>
Segment assets	28,748	35,637	64,385	26,600	-	90,985
Segment liabilities	9,560	16,538	26,098	51,225	-	77,323
Capital expenditure	404	595	999	-	-	999
Number of employees at reporting date	477	605	1,082	7	-	1,089

**6 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	14,825	17,826	32,651	-	-	32,651
Intersegment revenue	848	-	848	-	(848)	-
<b>Total revenue</b>	<b>15,673</b>	<b>17,826</b>	<b>33,499</b>	<b>-</b>	<b>(848)</b>	<b>32,651</b>
Other operating income	546	530	1,076	356	(366)	1,066
Changes in inventories of finished goods and work in progress	1,112	(32)	1,080	-	-	1,080
Raw materials and services	(9,578)	(5,495)	(15,073)	-	809	(14,264)
Employee benefits expense	(3,474)	(7,039)	(10,513)	(507)	-	(11,020)
Depreciation and amortisation	(707)	(1,191)	(1,898)	(9)	-	(1,907)
(Impairment loss)/reversal of impairment loss on trade and other receivables	(261)	(337)	(598)	-	-	(598)
Other operating expenses	(2,536)	(4,680)	(7,216)	(785)	367	(7,634)
<b>Operating profit/(loss)</b>	<b>775</b>	<b>(418)</b>	<b>357</b>	<b>(945)</b>	<b>(38)</b>	<b>(626)</b>
Interest income	34	106	140	158	(275)	23
Other finance income	481	441	922	1	-	923
Interest expense	(89)	(171)	(260)	(1,960)	289	(1,931)
Other finance costs	(517)	(554)	(1,071)	(3)	-	(1,074)
Income tax	(54)	61	7	3	-	10
<b>Net profit/(loss)</b>	<b>630</b>	<b>(535)</b>	<b>95</b>	<b>(2,746)</b>	<b>(24)</b>	<b>(2,675)</b>
Operating profit/(loss)	775	(418)	357	(945)	(38)	(626)
Depreciation and amortisation	707	1,191	1,898	9	-	1,907
<b>EBITDA</b>	<b>1,482</b>	<b>773</b>	<b>2,255</b>	<b>(936)</b>	<b>(38)</b>	<b>1,281</b>
Segment assets	27,000	43,934	70,934	695	-	71,629
Segment liabilities	8,457	20,171	28,628	41,917	-	70,545
Capital expenditure	40	298	338	-	-	338
Number of employees at reporting date	503	696	1,199	7	-	1,206

**Q2 2020**

<i>In thousands of EUR</i>	Textiles	Lingerie	Total segments	Unallocated	Consolidation adjustments	Total
External revenues	7,225	8,465	15,690	-	-	15,690
Intersegment revenue	412	-	412	-	(412)	-
<b>Total revenue</b>	<b>7,637</b>	<b>8,465</b>	<b>16,102</b>	<b>-</b>	<b>(412)</b>	<b>15,690</b>
Other operating income	337	438	775	278	(283)	770
Changes in inventories of finished goods and work in progress	(3,308)	(1,204)	(4,512)	-	-	(4,512)
Raw materials and services	(1,929)	(1,415)	(3,344)	-	423	(2,921)
Employee benefits expense	(1,130)	(2,920)	(4,050)	(287)	-	(4,337)
Depreciation and amortisation	(315)	(587)	(902)	(5)	-	(907)
(Impairment loss)/reversal of impairment loss on trade and other receivables	(119)	(247)	(366)	-	-	(366)
Other operating expenses	(862)	(2,261)	(3,123)	(358)	282	(3,199)
<b>Operating profit/(loss)</b>	<b>311</b>	<b>269</b>	<b>580</b>	<b>(372)</b>	<b>10</b>	<b>218</b>
Interest income	19	52	71	78	(138)	11
Other finance income	169	170	339	-	-	339
Interest expense	(45)	(63)	(108)	(988)	145	(951)
Other finance costs	(208)	(208)	(416)	(1)	-	(417)
Income tax	(8)	(53)	(61)	2	-	(59)
<b>Net profit/(loss)</b>	<b>238</b>	<b>167</b>	<b>405</b>	<b>(1,281)</b>	<b>17</b>	<b>(859)</b>
Operating profit/(loss)	311	269	580	(372)	10	218
Depreciation and amortisation	315	587	902	5	-	907
<b>EBITDA</b>	<b>626</b>	<b>856</b>	<b>1,482</b>	<b>(367)</b>	<b>10</b>	<b>1,125</b>
Segment assets	27,000	43,934	70,934	695	-	71,629
Segment liabilities	8,457	20,171	28,628	41,917	-	70,545
Capital expenditure	16	158	174	-	-	174
Number of employees at reporting date	503	696	1,199	7	-	1,206

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 4 (ii).

**Non-current non-financial assets**

<i>In thousands of EUR</i>	30 June 2021	31 December 2020
Germany	10,397	10,874
Latvia	9,298	7,719
France	5,585	5,779
Hungary	2,336	2,121
Russia	980	980
Poland	886	962
Other countries	72	77
<b>Total</b>	<b>29,554</b>	<b>28,512</b>

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

## 4. Revenue

### (i) Revenue streams

The Group generates revenue primarily from the sale of textiles and lingerie products (see Note 3). The Group is also involved in provision of cutting and garment sewing services as well as in provision of fabrics dyeing and finishing services.

<i>In thousands of EUR</i>	6 months 2021	6 months 2020
Sales of goods, wholesale	25,610	26,135
Sales of goods, retail	3,609	4,508
Rendering of services	395	1,889
Sales commissions	40	79
License income	20	40
<b>Total revenue from contracts with customers</b>	<b>29,674</b>	<b>32,651</b>

<i>In thousands of EUR</i>	Q2 2021	Q2 2020
Sales of goods, wholesale	14,437	11,673
Sales of goods, retail	1,695	2,215
Rendering of services	149	1,743
Sales commissions	17	49
License income	10	10
<b>Total revenue from contracts with customers</b>	<b>16,308</b>	<b>15,690</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 3).

6 months 2021			
<i>In thousands of EUR</i>	Textiles	Lingerie	Total
Germany	1,171	3,651	4,822
Baltic States	4,691	44	4,735
Russia	2,449	1,109	3,558
France	310	2,967	3,277
Belarus	2,449	-	2,449
Poland	1,137	1,000	2,137
The Netherlands	55	1,509	1,564
Morocco	1,177	-	1,177
Ukraine	499	221	720
Belgium, Luxembourg	15	488	503
Italy	25	397	422
Great Britain	132	213	345
Swiss, Liechtenstein	-	318	318
Spain	6	274	280
Austria	91	107	198
Sweden	92	76	168
Other countries	1,469	1,532	3,001
<b>External revenue as reported in Note 3</b>	<b>15,768</b>	<b>13,906</b>	<b>29,674</b>

### 6 months 2020

<i>In thousands of EUR</i>	Textiles	Lingerie	Total
Germany	914	4,802	5,716
Baltic States	6,908	21	6,929
Russia	1,802	1,216	3,018
France	342	4,698	5,040
Belarus	1,417	9	1,426
Poland	616	605	1,221
The Netherlands	16	1,423	1,439
Morocco	608	-	608
Ukraine	446	189	635
Belgium, Luxembourg	53	556	609
Italy	538	475	1,013
Great Britain	154	243	397
Swiss, Liechtenstein	-	494	494
Spain	4	1,416	1,420
Austria	88	213	301
Sweden	58	68	126
Other countries	861	1,398	2,259
<b>External revenue as reported in Note 3</b>	<b>14,825</b>	<b>17,826</b>	<b>32,651</b>

### Q2 2021

<i>In thousands of EUR</i>	Textiles	Lingerie	Total
Germany	552	2,399	2,951
Baltic States	2,661	18	2,679
Russia	1,321	566	1,887
France	164	1,440	1,604
Belarus	1,183	-	1,183
Poland	626	685	1,311
The Netherlands	36	1,107	1,143
Morocco	443	-	443
Ukraine	277	11	288
Belgium, Luxembourg	7	289	296
Italy	17	285	302
Great Britain	41	132	173
Swiss, Liechtenstein	-	186	186
Spain	6	100	106
Austria	54	75	129
Sweden	35	44	79
Other countries	695	853	1,548
<b>External revenue as reported in Note 3</b>	<b>8,118</b>	<b>8,190</b>	<b>16,308</b>

## Q2 2020

<i>In thousands of EUR</i>	Textiles	Lingerie	Total
Germany	165	2,245	2,410
Baltic States	4,625	10	4,635
Russia	761	379	1,140
France	126	3,137	3,263
Belarus	266	9	275
Poland	81	300	381
The Netherlands	4	623	627
Morocco	216	-	216
Ukraine	132	38	170
Belgium, Luxemburg	14	241	255
Italy	500	289	789
Great Britain	41	111	152
Swiss, Liechtenstein	-	185	185
Spain	-	263	263
Austria	41	77	118
Sweden	15	37	52
Other countries	238	521	759
<b>External revenue as reported in Note 3</b>	<b>7,225</b>	<b>8,465</b>	<b>15,690</b>

## 5. Other operating income

<i>In thousands of EUR</i>	6 months 2021	6 months 2020
Government grants	2,177	540
Rental income from property leases	358	312
Proceeds from bad debts previously written off	12	12
Income from sales of non-core materials	15	17
Gain on termination of lease agreement	-	69
Other income from non-core activities	54	116
<b>Total</b>	<b>2,616</b>	<b>1,066</b>

<i>In thousands of EUR</i>	Q2 2021	Q2 2020
Government grants	1,713	502
Rental income from property leases	178	142
Proceeds from bad debts previously written off	-	2
Income from sales of non-core materials	10	6
Gain on termination of lease agreement	-	61
Other income from non-core activities	16	57
<b>Total</b>	<b>1,917</b>	<b>770</b>

## 6. Employee benefits expense

<i>In thousands of EUR</i>	6 months 2021	6 months 2020
Wages and salaries	8,851	8,690
Social security contributions	1,911	2,084
Expenses related to post-employment defined benefit plans	4	4
Other employee benefits	157	242
<b>Total</b>	<b>10,923</b>	<b>11,020</b>

<i>In thousands of EUR</i>	Q2 2021	Q2 2020
Wages and salaries	4,685	3,303
Social security contributions	998	967
Expenses related to post-employment defined benefit plans	2	2
Other employee benefits	70	65
<b>Total</b>	<b>5,755</b>	<b>4,337</b>

## 7. Other operating expenses

<i>In thousands of EUR</i>	6 months 2021	6 months 2020
Professional services	1,804	1,249
Utilities	1,450	1,191
Sales and marketing	1,423	1,637
Storage, transportation and packaging	1,018	599
Change in write downs to net realizable value for obsolete and slow-moving inventories	955	719
IT and communication	582	223
Repair and maintenance	401	384
Bank services	398	165
Expense relating to short-term leases	188	147
Other taxes	134	103
Insurance	115	124
Travel expenses	110	144
Real estate tax	29	18
Car park related costs	24	35
Loss on disposal of property, plant and equipment	12	32
Other operating expenses	386	864
<b>Total</b>	<b>9,029</b>	<b>7,634</b>



In thousands of EUR	Q2 2021	Q2 2020
Professional services	926	658
Sales and marketing	779	695
Utilities	725	324
Storage, transportation and packaging	564	271
Bank services	327	75
IT and communication	233	85
Repair and maintenance	220	145
Other taxes	110	48
Expense relating to short-term leases	104	76
Change in write downs to net realizable value for obsolete and slow-moving inventories	101	427
Travel expenses	74	51
Insurance	53	53
Car park related costs	12	10
Loss on disposal of property, plant and equipment	12	32
Real estate tax	2	16
Other operating expenses	181	263
<b>Total</b>	<b>4,423</b>	<b>3,199</b>

## 8. Finance income

In thousands of EUR	6 months 2021	6 months 2020
Income from bonds waiver	23,219	-
Income from bank loan forgiveness	1,893	-
Foreign exchange gains	313	923
Interest income on trade and other receivables	24	23
<b>Total</b>	<b>25,449</b>	<b>946</b>

In thousands of EUR	Q2 2021	Q2 2020
Income from bonds waiver	23,219	-
Income from bank loan forgiveness	1,893	-
Foreign exchange gains	167	339
Interest income on trade and other receivables	12	11
<b>Total</b>	<b>25,291</b>	<b>350</b>

## 9. Finance costs

In thousands of EUR	6 months 2021	6 months 2020
Interest expense on financial liabilities measured at amortised cost	2,226	2,047
Foreign exchange losses	313	926
Interest expense on net employee defined benefit liability	11	28
Fines and penalties	1	4
<b>Total</b>	<b>2,551</b>	<b>3,005</b>

In thousands of EUR	Q2 2021	Q2 2020
Interest expense on financial liabilities measured at amortised cost	1,258	1,010
Foreign exchange losses	151	341
Interest expense on net employee defined benefit liability	6	14
Fines and penalties	1	3
<b>Total</b>	<b>1,416</b>	<b>1,368</b>

EUR 2,226 thousand of interest expense in 6 months 2021 (Q2 2021: EUR 1,258 thousand) consist of EUR 2,130 thousand (Q2 2021: EUR 1,258 thousand) of interest expense on loans and borrowings, EUR 96 thousand (Q2 2021: none) of interest expense related to the amortisation of transaction costs on bonds issue which were deducted from the bond nominal value.

EUR 2,047 thousand of interest expense in 6 months 2020 (Q2 2020: EUR 1,010 thousand) consist of EUR 1,744 thousand (Q2 2020: EUR 857 thousand) of interest expense on loans and borrowings, EUR 303 thousand (Q2 2020: EUR 153 thousand) of interest expense related to the amortisation of transaction costs on bonds issue which were deducted from the bond nominal value.

## 10. Income tax expense

The income tax rate applied to the Parent in 2021 was 21.4% (2020: 21.4%).

The major components of income tax expense for the period ended 30 June are:

In thousands of EUR	6 months 2021	6 months 2020
<b>Current tax expense/ (benefit)</b>		
Current period	74	(111)
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	613	101
<b>Income tax expense/ (benefit) reported in profit or loss</b>	<b>687</b>	<b>(10)</b>

In thousands of EUR	Q2 2021	Q2 2020
<b>Current tax expense/ (benefit)</b>		
Current period	40	(58)
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	428	117
<b>Income tax expense/ (benefit) reported in profit or loss</b>	<b>468</b>	<b>59</b>

## 11. Property, plant and equipment

During the six months and second quarter ended 30 June 2021, the Group acquired assets with a cost of EUR 1,879 thousand and EUR 414 thousand respectively (6 months and Q2 2020: EUR 57 thousand and EUR 18 thousand respectively).

## 12. Inventories

In thousands of EUR	30 June 2021	31 December 2020
Finished goods	9,604	10,137
Raw materials and consumables	5,624	5,011
Work in progress	1,794	1,269
Right to recover returned goods	354	356
<b>Total</b>	<b>17,376</b>	<b>16,773</b>

## 13. Trade and other receivables

In thousands of EUR	30 June 2021	31 December 2020
<b>Financial trade and other receivables</b>		
Trade receivables	11,588	10,884
Loans to related parties (Note 17)	831	812
Trade receivables due from related parties (Note 17)	828	766
Other receivables due from related parties (Note 17)	4,886	383
Other receivables	21,615	635
Allowance for trade and other receivables	(989)	(1,031)
Allowance for trade and other receivables due from related parties (Note 17)	(1,068)	(1,062)
Allowance for loans to related parties (Note 17)	(12)	(12)
	<b>37,679</b>	<b>11,375</b>
<b>Non-financial trade and other receivables</b>		
Social contributions receivable	101	58
VAT receivable	287	228
Other taxes receivable	59	5
Deferred expenses	35	69
	<b>482</b>	<b>360</b>
<b>Total</b>	<b>38,161</b>	<b>11,735</b>
Non-current	668	651
Current	37,493	11,084
<b>Total</b>	<b>38,161</b>	<b>11,735</b>

Trade receivables at 30 June 2021 in the gross amount of EUR 11,588 thousand (31 December 2020: EUR 10,884 thousand) mostly comprise receivables for goods sold.

Other receivables at 30 June 2021 included cash placed on restricted accounts in the amount of EUR 21,304 thousand.

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 15).

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	30 June 2021	31 December 2020
Carrying amount of trade receivables transferred to a factoring company	71	90
Carrying amount of associated liabilities	61	77

## 14. Capital and reserves

### Share capital

Number of shares	30 June 2021	31 December 2020
Opening balance	60,000	60,000
Issued for cash	-	-
<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 30 June 2021 reserves include translation reserve in the amount of EUR -976 thousand which comprises all foreign currency differences arising from the translation of the financial statements of foreign operations (31 December 2020: EUR -1,208 thousand).

## 15. Loans and borrowings

<i>In thousands of EUR</i>	30 June 2021	31 December 2020
<b>Non-current liabilities</b>		
Lease liabilities	3,220	3,261
Long-term secured bank loans	23,646	213
Other long-term loans from related parties (Note 17)	5,621	78
<b>Total</b>	<b>32,487</b>	<b>3,552</b>
<b>Current liabilities</b>		
Bonds	21,000	42,582
Short-term secured bank loans	-	3,963
Current portion of lease liabilities	998	1,221
Secured other loans	61	77
Other loans from related parties (Note 17)	313	336
Current portion of long-term secured bank loans	156	132
Current portion of other long-term loans	-	38
<b>Total</b>	<b>22,528</b>	<b>48,349</b>

During 6 months 2021, ELG SIA received EUR 23,500 thousand loan from Rietumu Banka AS. The loan bears 7.0% interest per annum and matures in April 2026. Proceeds from the loan were used by the Group to repay bank loan of the German subsidiary in the amount of EUR 1,500 thousand. Additional EUR 570 thousand were repaid by the German subsidiary during Q1 2021. The remaining EUR 1,893 thousand of loan were forgiven by the bank which resulted in the recognition of finance income by the German subsidiary in the same amount (Note 8). EUR 21,000 thousand of the proceeds from Rietumu Banka AS loan were used to repay bonds in July 2021. The remaining amount of bonds (EUR 19,000 thousand) and accrued interest (EUR 4,219 thousand) was waived and respective finance income was recognised by the Group (Note 8).

## 16. Trade and other payables

<i>In thousands of EUR</i>	30 June 2021	31 December 2020
<b>Financial trade and other payables</b>		
Trade payables	5,863	4,635
Trade payables to related parties (Note 17)	48	56
Accrued expenses	2,590	2,382
Payables to personnel	769	566
Other payables to related parties (Note 17)	16	9
Other payables	566	503
	<b>9,852</b>	<b>8,151</b>
<b>Non-financial trade and other payables</b>		
Refund liabilities	718	661
Social contributions payable	472	478
VAT payable	424	64
Personal income tax payable	218	170
Other taxes payable	21	22
	<b>1,853</b>	<b>1,395</b>
<b>Total</b>	<b>11,705</b>	<b>9,546</b>
Non-current	55	68
Current	11,650	9,478
<b>Total</b>	<b>11,705</b>	<b>9,546</b>

## 17. Related parties

### Transactions with key management personnel

Key management personnel compensation for the six months and second quarter ended 30 June 2021 amounted to EUR 905 thousand and EUR 580 thousand respectively (6 months and Q2 2020: EUR 604 thousand and EUR 387 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 6 months 2021	Transaction values for 6 months 2020	Transaction values for Q2 2021	Transaction values for Q2 2020	Balance outstanding at 30 June 2021	Balance outstanding at 31 December 2020
<b>Sales of goods and services</b>						
Joint ventures	26	24	11	9	-	-
Other related parties	68	297	46	292	-	-
<b>Purchases of goods and services</b>						
Other related parties	23	408	17	357	-	-
<b>Interest income accrued during the year</b>						
Joint ventures	17	18	8	9	-	-
Shareholders	2	2	1	1	-	-
Other related parties	2	2	1	2	-	-
<b>Interest expense accrued during the year</b>						
Shareholders	22	13	11	10	-	-
<b>Loans received</b>						
Shareholders	-	300	-	100	-	-
<b>Trade and other receivables</b>						
Shareholders	-	-	-	-	25	25
Joint ventures	-	-	-	-	4	6
Non-controlling interest holder	-	-	-	-	4,500	-
Other related parties	-	-	-	-	1,185	1,118
<b>Allowance for trade and other receivables</b>						
Other related parties	-	-	-	-	(1,068)	(1,062)
<b>Trade and other payables</b>						
Other related parties	-	-	-	-	64	65
<b>Loans receivable, gross amount</b>						
Joint ventures	-	-	-	-	500	500
Shareholders	-	-	-	-	133	133
<b>Allowance for loans receivable</b>						
Joint ventures	-	-	-	-	(12)	(12)
<b>Interest receivable</b>						
Joint ventures	-	-	-	-	180	163
Shareholders	-	-	-	-	18	16
<b>Loans payable</b>						
Shareholders	-	-	-	-	300	300
Non-controlling interest holder	-	-	-	-	5,621	-
<b>Interest payable</b>						
Shareholders	-	-	-	-	13	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.

# 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 as of 30 June 2021. Net profit of European Lingerie Group AB for 6 months and Q2 2021 was EUR 7,660 thousand and EUR 8,367 thousand respectively (6 months and Q2 2020: loss of EUR 1,400 thousand and EUR 733 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 six months and second quarter ended 30 June

<i>In thousands of EUR</i>	<i>Note</i>	<b>6 months 2021</b>	<b>6 months 2020</b>	<b>Q2 2021</b>	<b>Q2 2020</b>
Revenue	18	29	82	-	41
Other operating income		-	42	1	-
Employee benefits expense	19	(42)	(65)	(21)	(33)
Impairment loss on trade receivables and contract assets		(129)	-	(129)	-
Other operating expenses	20	(11,704)	(714)	(11,337)	(364)
<b>Operating loss</b>		<b>(11,846)</b>	<b>(655)</b>	<b>(11,486)</b>	<b>(356)</b>
Finance income	21	24,303	1,151	23,758	576
Finance costs	22	(4,797)	(1,899)	(3,905)	(955)
<b>Net finance income/(costs)</b>		<b>19,506</b>	<b>(748)</b>	<b>19,853</b>	<b>(379)</b>
<b>Profit/(loss) before income tax</b>		<b>7,660</b>	<b>(1,403)</b>	<b>8,367</b>	<b>(735)</b>
Income tax expense		-	3	-	2
<b>Profit/(loss) for the period</b>		<b>7,660</b>	<b>(1,400)</b>	<b>8,367</b>	<b>(733)</b>
<b>Total comprehensive income</b>		<b>7,660</b>	<b>(1,400)</b>	<b>8,367</b>	<b>(733)</b>



## Condensed Parent Company statement of financial position

<i>In thousands of EUR</i>	<i>Note</i>	<b>30 June 2021</b>	<b>31 December 2020</b>
<b>Assets</b>			
Shares in subsidiaries		30,450	46,328
Receivables from Group companies	24	13,116	6,217
Deferred tax assets		25	25
<b>Total non-current assets</b>		<b>43,591</b>	<b>52,570</b>
<b>Current assets</b>			
Receivables from Group companies	24	8	27,335
Other receivables	24	25,981	159
Cash and cash equivalents		8	23
<b>Total current assets</b>		<b>25,997</b>	<b>27,517</b>
<b>Total assets</b>		<b>69,588</b>	<b>80,087</b>
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital		60	60
<b>Non-restricted equity</b>			
Shareholder contribution		43,500	43,500
Net loss/(income)		55	(7,605)
<b>Total equity</b>		<b>43,615</b>	<b>35,955</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans and borrowings		-	723
<b>Total non-current liabilities</b>		<b>-</b>	<b>723</b>
<b>Current liabilities</b>			
Loans and borrowings	25	25,338	40,204
Liabilities to Group companies	26	204	75
Other liabilities	26	407	308
Accrued expenses and deferred income	26	24	2,822
<b>Total current liabilities</b>		<b>25,973</b>	<b>43,409</b>
<b>Total liabilities</b>		<b>25,973</b>	<b>44,132</b>
<b>Total equity and liabilities</b>		<b>69,588</b>	<b>80,087</b>

## Condensed Parent Company statement of changes in equity

For the six months ended 30 June 2021

<i>In thousands of EUR</i>	Restricted equity		Non-restricted equity		Total equity
	Share capital	Shareholder contribution	Net income		
Balance at 31 December 2020	60	43,500	(7,605)		35,955
<b>Total comprehensive income</b>					
Profit for the period	-	-	7,660		7,660
<b>Total comprehensive income</b>	-	-	<b>7,660</b>		<b>7,660</b>
Balance at 30 June 2021	60	43,500	55		43,615

For the six months ended 30 June 2020

<i>In thousands of EUR</i>	Restricted equity		Non-restricted equity		Total equity
	Share capital	Shareholder contribution	Net income		
Balance at 31 December 2019	60	43,500	(4,369)		39,191
<b>Total comprehensive income</b>					
Loss for the period	-	-	(1,400)		(1,400)
<b>Total comprehensive income</b>	-	-	<b>(1,400)</b>		<b>(1,400)</b>
Balance at 30 June 2020	60	43,500	(5,769)		37,791

## Condensed Parent Company statement of cash flows

For the six months and second quarter ended 30 June

<i>In thousands of EUR</i>	<i>Note</i>	<b>6 months 2021</b>	<b>6 months 2020</b>	<b>Q2 2021</b>	<b>Q2 2020</b>
<b>Cash flows from operating activities</b>					
Profit/(loss) for the reporting period		7,660	(1,400)	8,367	(733)
Adjustments for:					
Impairment loss on trade and other receivables		129	-	129	-
Finance income	21	(24,302)	(1,150)	(23,757)	(576)
Finance costs	22	4,794	1,898	3,905	955
Foreign exchange gains	21	(1)	(1)	(1)	-
Foreign exchange losses	22	3	1	-	-
Loss on disposal of subsidiary		11,050	-	11,050	-
Income tax expense		-	(3)	-	(2)
Changes in:					
Other receivables		(35)	(63)	447	30
Prepaid expenses and accrued income		-	29	-	21
Other liabilities		45	406	(113)	203
<b>Cash used in operating activities</b>		<b>(657)</b>	<b>(283)</b>	<b>27</b>	<b>(102)</b>
Interest paid		(45)	(809)	(45)	-
<b>Net cash used in operating activities</b>		<b>(702)</b>	<b>(1,092)</b>	<b>(18)</b>	<b>(102)</b>
<b>Cash flows from investing activities</b>					
Interest received		1	-	-	-
Proceeds from sale of subsidiaries		2,828	-	2,828	-
Loans issued		-	(10)	-	-
Proceeds from repayment of loans issued		15,124	822	14,464	20
Deposits placed on restricted accounts		(21,304)	-	(21,304)	-
<b>Net cash from/(used in) investing activities</b>		<b>(3,351)</b>	<b>812</b>	<b>(4,012)</b>	<b>20</b>
<b>Cash flows from financing activities</b>					
Proceeds from loans and borrowings		4,038	300	4,038	100
<b>Net cash from financing activities</b>		<b>4,038</b>	<b>300</b>	<b>4,038</b>	<b>100</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(15)</b>	<b>20</b>	<b>8</b>	<b>18</b>
Cash and cash equivalents at 1 January/ 1 April		23	6	-	8
<b>Cash and cash equivalents at 30 June</b>		<b>8</b>	<b>26</b>	<b>8</b>	<b>26</b>

# NOTES TO THE CONDENSED PARENT COMPANY INTERIM FINANCIAL STATEMENTS

## 18. Revenue

Revenue of the Parent includes management fee income received from the Group companies in the amount of EUR 29 thousand for the 6 months 2021 all of which received in 6m 2021 (6 months and Q2 2020: EUR 82 thousand and EUR 41 thousand respectively).

## 19. Employee benefits expense

<i>In thousands of EUR</i>	6 months 2021	6 months 2020
Wages and salaries	36	53
Social security contributions	6	12
<b>Total</b>	<b>42</b>	<b>65</b>

<i>In thousands of EUR</i>	Q2 2021	Q2 2020
Wages and salaries	18	26
Social security contributions	3	6
<b>Total</b>	<b>21</b>	<b>32</b>

As of 30 June 2021, the Parent Company employed 2 people (31 December 2020: 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.

## 20. Other operating expenses

Other operating expenses in 6 months and Q2 2021 include loss from sale of 30% of shares in SIA European Lingerie Group in the amount of EUR 11,050 thousand.

## 21. Finance income

<i>In thousands of EUR</i>	6 months 2021	6 months 2020
Income from bonds waiver	23,219	-
Interest income under the effective interest method on receivables from Group companies	1,083	1,150
Foreign exchange gains	1	1
<b>Total</b>	<b>24,303</b>	<b>1,151</b>

<i>In thousands of EUR</i>	Q2 2021	Q2 2020
Income from bonds waiver	23,219	-
Interest income under the effective interest method on receivables from Group companies	538	576
Foreign exchange gains	1	-
<b>Total</b>	<b>23,758</b>	<b>576</b>

## 22. Finance costs

<i>In thousands of EUR</i>	6 months 2021	6 months 2020
Interest expense on financial liabilities measured at amortised cost	1,673	1,898
Foreign exchange losses	3	1
Other finance costs	3,121	-
<b>Total</b>	<b>4,797</b>	<b>1,899</b>

<i>In thousands of EUR</i>	Q2 2021	Q2 2020
Interest expense on financial liabilities measured at amortised cost	784	955
Foreign exchange losses	-	-
Other finance costs	3,121	-
<b>Total</b>	<b>3,905</b>	<b>955</b>

EUR 1,673 thousand of interest expense in 6 months 2021 (Q2 2021: EUR 784 thousand) consist of EUR 1,541 thousand (Q2 2021: 766 EUR thousand) of interest expense on bonds, EUR 96 thousand (Q2 2021: none) of interest expense related to the amortisation of transaction costs on bonds issue which were deducted from the bond nominal value, EUR 22 thousand (Q2 2021: 12 EUR thousand) on loan from shareholder and EUR 14 thousand (Q2 2021: 6 EUR thousand) on loans from Group companies.

EUR 1,898 thousand of interest expense in 6 months 2020 (Q2 2020: EUR 955 thousand) consist of EUR 1,568 thousand (Q2 2020: 785 EUR thousand) of interest expense on bonds, EUR 303 thousand (Q2 2020: 153 EUR thousand) of interest expense related to the amortisation of transaction costs on bonds issue which were deducted from the bond nominal value, EUR 13 thousand (Q2 2020: 10 EUR thousand) on loan from shareholder and EUR 14 thousand (Q2 2020: 7 EUR thousand)

on loans from Group companies.

Other finance costs in 6 months and Q2 2021 included EUR 3,121 thousand loss on sale of loans receivable from SIA European Lingerie Group to RB ELG SIA.

## 23. Shares in subsidiaries

As part of Group restructuring the Parent sold shares in Felina France S.a.r.l and OOO Senselle to SIA European Lingerie Group during Q2 2021. The shares were sold at their carrying amounts which are EUR 2,809 thousand and EUR 19 thousand respectively. Additionally, the Parent sold 30% of shares in SIA European Lingerie Group to RB ELG SIA for EUR 2,000 thousand.

## 24. Other receivables

<i>In thousands of EUR</i>	30 June 2021	31 December 2020
<b>Financial trade and other receivables</b>		
Loans to Group companies (Note 27)	13,116	33,544
Loans to related parties (Note 27)	152	-
Other receivables due from related parties (Note 27)	282	154
Allowance for other receivables due from related parties (Note 27)	(257)	(129)
Other receivables from Group Companies (Note 27)	8	8
Other receivables	25,804	105
	<b>39,105</b>	<b>33,682</b>
<b>Non-financial trade and other receivables</b>		
Other taxes receivable	1	-
Deferred expenses	-	29
	<b>1</b>	<b>29</b>
<b>Total</b>	<b>39,106</b>	<b>33,711</b>
Non-current	13,116	6,217
Current	25,990	27,494
<b>Total</b>	<b>39,106</b>	<b>33,711</b>

Other receivables at 30 June 2021 included cash placed on restricted accounts in the amount of EUR 21,304 thousand and proceeds receivable from RB ELG SIA for sale of loan receivable from SIA European Lingerie Group and for sale of 30% shares in SIA European Lingerie Group in the total amount of EUR 4,500 thousand.

## 25. Loans and borrowings

Loans and borrowings for the six months ended 30 June 2021 comprise secured bonds in the amount of EUR 21,000 thousand (31 December 2020: EUR 39,904 thousand), loans from Group Companies in the amount of EUR 4,038 thousand (31 December 2020: EUR 723 thousand) and loan from shareholder in the amount of EUR 300 thousand (31 December 2020: EUR 300 thousand).

## 26. Other liabilities

<i>In thousands of EUR</i>	30 June 2021	31 December 2020
<b>Financial trade and other payables</b>		
Accrued interest on bonds	-	2,678
Other payables to Group companies (Note 27)	204	75
Payables to personnel	161	130
Accrued interest on loans from Group companies (Note 27)	-	44
Accrued interest on loans from related parties (Note 27)	13	37
Other accrued expenses	11	63
Other payables to related parties (Note 27)	16	9
Other payables to third parties	189	134
	<b>594</b>	<b>3,170</b>
<b>Non-financial trade and other payables</b>		
Social contributions payable	20	14
Personal income tax payable	11	8
VAT payable	10	13
	<b>41</b>	<b>35</b>
<b>Total</b>	<b>635</b>	<b>3,205</b>
Non-current	-	-
Current	635	3,205
<b>Total</b>	<b>635</b>	<b>3,205</b>

## 27. Related parties

### Transactions with key management personnel

Key management personnel compensation for the six months and second quarter ended 30 June 2021 amounted to EUR 41 thousand and EUR 20 thousand (6 months and Q2 2020: EUR 64 thousand and EUR 32 thousand) 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 6 months 2021	Transaction values for 6 months 2020	Transaction values for Q2 2021	Transaction values for Q2 2020	Balance outstanding at 30 June 2021	Balance outstanding at 31 December 2020
<b>Sales of goods and services</b>						
Subsidiaries	29	124	-	41	-	-
<b>Purchases of goods and services</b>						
Subsidiaries	533	196	210	136	-	-
Other related parties	18	105	12	54	-	-
<b>Interest income accrued during the period</b>						
Subsidiaries	1,083	1,150	538	576	-	-
<b>Interest expense accrued during the period</b>						
Subsidiaries	14	14	6	7	-	-
Shareholders	22	13	12	10	-	-
<b>Loans granted</b>						
Subsidiaries	-	10	-	-	-	-
<b>Loans received</b>						
Subsidiaries	4,038	-	4,038	-	-	-
Shareholders	-	300	-	100	-	-
<b>Other receivables</b>						
Shareholders	-	-	-	-	25	25
Subsidiaries	-	-	-	-	8	8
Other related parties	-	-	-	-	257	129
<b>Allowance for other receivables</b>						
Other related parties	-	-	-	-	(257)	(129)
<b>Loans receivable</b>						
Subsidiaries	-	-	-	-	13,116	27,322
Shareholder	-	-	-	-	134	-
<b>Interest receivable</b>						
Subsidiaries	-	-	-	-	-	6,222
Shareholders	-	-	-	-	18	-
<b>Loans payable</b>						
Shareholders	-	-	-	-	300	300
Subsidiaries	-	-	-	-	4,038	723
<b>Interest payable</b>						
Shareholders	-	-	-	-	13	37
Subsidiaries	-	-	-	-	-	44
<b>Other payables</b>						
Subsidiaries	-	-	-	-	204	75
Other related parties	-	-	-	-	16	9

As part of the Group restructuring loans previously issued to shareholders were assigned from SIA European Lingerie Group to the Parent (principal amount of EUR 134 thousand and accrued interest of EUR 18 thousand). The loans bear 3% interest rate and mature on 31 December 2021. The rest of the loans issued and outstanding as of 30 June 2021 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 six months and the second quarter ended 30 June 2021.

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, 31 August 2021

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Carl Oscar Edgren  
*Chairman of the Board*

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Dmitry Ditchkovsky  
*Board member*

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Indrek Rahumaa  
*Board member, CEO*

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