

Notice of Event of Default and standstill

To holders of the up to EUR 60,000,000 Senior Secured Floating Rate Bonds due 2021 with ISIN SE0010831792 (the "Bonds") issued by European Lingerie Group AB (publ) (the "Issuer") on 22 February 2018.

*Capitalised terms not otherwise defined in this notice shall have the meaning given to them in the terms and conditions relating to the Bonds (the "**Terms and Conditions**").*

This notice has been sent by Intertrust (Sweden) AB as the agent (the "Agent") for the Bondholders under the Terms and Conditions for the Bonds, to direct registered owners and registered authorised nominees of the Bonds. If you are holding Bonds on behalf of someone else on a Securities Account, please forward this notice to the holder you represent as soon as possible.

Intertrust (Sweden) AB is the Agent for the Bondholders under the Terms and Conditions.

In our capacity as Agent, we hereby notify you, in accordance with Clause 14.10 of the Terms and Conditions, that the Issuer has failed to fulfil its obligations under the Terms and Conditions and that several Event of Defaults have occurred and are continuing. The Issuer has failed to comply with:

- (a) Clause 12.1 (*Maintenance Test*) for the fourth quarter 2019, the first quarter 2020 and the second quarter of 2020, which constitute an Event of Default under Clause 14.2 (*Maintenance Test*);
- (b) Clause 8(b) (*Interest*) for the Interest Payment Date for the Interest Period ending 22 May 2020, which constitute an Event of Default under Clause 14.1 (*Non-payment*); and
- (c) Clause 11.1(a)(i) (*Information from the Issuer*) by not making its annual consolidated financial statement for 2019 available to the Bondholders, which constitutes an Event of Default under Clause 14.3 (*Other Obligations*).

The discussions between among others the Issuer, the Agent and certain major Bondholders (representing approximately 60 per cent. of the Total Nominal Amount) (the "**Bondholder Committee**") regarding the Issuer's financial difficulties and breaches under the Terms and Conditions and a potential solution to such difficulties have resulted in an agreed standstill period under the terms and conditions of a standstill agreement between the Company, the major shareholders of the Company (representing approximately 95,9 per cent. of the shares) and the Bondholder Committee dated 29 July 2020, which will initially last until the earlier of 30 September 2020 and the date the standstill period shall lapse due to a breach by the Company and/or its shareholders of certain conditions set out in the standstill agreement and which will thereafter be extended with two months unless the standstill period shall lapse earlier due to breach of the standstill agreement (the "**Standstill**").

Please find more information regarding the Standstill in the press release published on the Issuer's website on 30 July 2020:

<https://www.elg-corporate.com/news/european-lingerie-group-ab-has-reached-the-standstill-agreement-with-its-bondholders/>.

Due to the agreed Standstill between the Company and the Bondholder Committee, but without prejudice to the Agent's and the Bondholders' right to immediately accelerate

the Bonds under the Terms and Conditions, we have resolved not declare all of the Bonds due for payment together with any other amounts payable under the Finance Documents at this time. However, should the Standstill lapse due to a breach by the Company, or for any other reason, we may, in discussion with the Bondholder Committee, accelerate the Bonds and declare the Bonds immediately due for payment, enforce the Transaction Security and take all other measures relevant in relation thereto.

In addition to the above, the Agent has been informed by the Company that it will not pay Interest in respect of the Bonds in accordance with Clause 8(b) (*Interest*) for the Interest Period ending 22 August 2020, which will constitute an Event of Default under Clause 14.1 (*Non-payment*). The Agent has further been informed by the Company that it is in breach of Clause 13.4 (*Financial Indebtedness*) due to the incurrence of working capital facilities exceeding the amount of EUR 4,000,000 in accordance with paragraph (j) under definition "*Permitted Debt*", which will constitute an Event of Default under Clause 14.3 (*Other Obligations*) if the Issuer has not remedied the failure within fifteen (15) Business Days from a request from the Agent requesting the Issuer to remedy such failure. Due to the Standstill, the Agent has decided for the time being to await sending such request to the Issuer.

The Agent:

Intertrust (Sweden) AB
Beatrice Gustafsson
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Stockholm on 3 August 2020

Intertrust (Sweden) AB as Agent