

INTERIM REPORT FOR THE PERIOD 1 JULY 2018 TO 31 DECEMBER 2018

Revenue of the Group's continuing operations for Q2 2018/19 (excl. Saint Tropez) amounted to DKK 271 million (DKK 268 million) corresponding to a growth rate of 1.1% (3.0% measured in local currency). Growth was driven by Tiger of Sweden's wholesale channel which, as expected, reflected the positive effect from the brand's execution of its present strategic business plan. Total earnings growth from the Group's core business was driven by Tiger of Sweden which generated an operating profit for Q2 2018/19 of DKK 4 million (loss of DKK 3 million) corresponding to an EBIT margin of 2.0% (negative EBIT margin of 1.6%). In total, Tiger of Sweden generated an EBIT margin of 7.6% (9.7%) for H1 2018/19. The consolidated operating profit (excl. Saint Tropez) for Q2 2018/19 amounted to DKK 2 million (DKK 7 million) before non-recurring costs in respect of the transformation of IC Group corresponding to an EBIT margin of 0.7% (2.6%).

As communicated in Company Announcement no. 1/2019, Saint Tropez has been sold to DK Company A/S as at 31 January 2019.

The expectations for the financial year 2018/19 for the Group's continuing operations, as announced on 28 January 2019, are unchanged. The Group thus expects a minor revenue reduction measured in local currency while the EBIT margin is expected to be realized at a level of 1-2% prior to non-recurring costs in respect of the transformation of the Group.

Financial performance for Q2

	Revenue DKK million		Revenue growth		Operating profit DKK million		EBIT margin	
	Q2 2018/19	Q2 2017/18	Growth in local currency	Reported growth	Q2 2018/19	Q2 2017/18	Q2 2018/19	Q2 2017/18
Tiger of Sweden	196	189	5.9%	3.7%	4	(3)	2.0%	(1.6)%
By Malene Birger	75	78	(3.0)%	(3.8)%	2	5	2.7%	6.4%
Reportable segments	271	267	3.3%	1.5%	6	2	2.2%	0.7%
Central functions	-	1	n.m	n.m	(4)	5	n.m	n.m
Continuing operations before non-recurring costs (excl. Saint Tropez)*	271	268	3.0%	1.1%	2	7	0.7%	2.6%
Non-recurring costs	-	-	-	-	(12)	-	n.m	n.m
Continuing operations (excl. Saint Tropez)*	271	268	3.0%	1.1%	(10)	7	(3.7)%	2.6%
Saint Tropez*	50	71	(28.8)%	(29.6)%	(62)	(6)	(124.0)%	(8.5)%
Total continuing opera- tions at 31 December	321	339	(3.7)%	(5.3)%	(72)	1	(22.4)%	0.3%

* As of the interim report for Q3 2018/19, Saint Tropez will be classified and presented as discontinued operations. In order to make the profit share from the Group's continuing operations more transparent and comparable, Saint Tropez has been excluded from the sections on financial performance on the pages 1 and 2.

Financial performance of continuing operations for Q2 (excluding Saint Tropez)

- Consolidated revenue increased by 1.1% (3.0% measured in local currency) to DKK 271 million (DKK 268 million). Growth was driven by the wholesale channels in both Tiger of Sweden and By Malene Birger. However, revenue from the retail channel decreased primarily driven by the physical stores. The same-store revenue declined by 12.9%. During Q2 2018/19. No changes have been made to the total number of stores.
- The gross profit amounted to DKK 145 million (DKK 171 million), and the gross margin declined by 10.3 percentage points to 53.5%. A part of this gross margin decline is attributable to the implemented structural changes as well as the divestment of Peak Performance in 2017/18. After having adjusted for the implemented structural changes as well as the divestment of Peak Performance in 2017/18, the gross profit would have amounted to DKK 158 million and the gross margin to 58.3%. The remaining gross margin decline is primarily attributable to higher discounts compared to Q2 2017/18.
- Capacity costs declined by DKK 8 million to DKK 155 million compared to Q2 2017/18. After having adjusted for non-recurring costs of DKK 12 million in respect of the transformation of IC Group, the costs declined by DKK 20 million. This decline is partly attributable to the fact that approx. DKK 9 million in fee income in respect of logistics services to Peak Performance during Q2 2018/19 has been included under 'Other operating income' while this fee income was included under the gross profit last financial year and partly the lower distribution costs in brands as well as a lower cost base in the corporate functions. The cost ratio (excluding non-recurring costs) amounted to 52.8% which is 8.1 percentage points lower compared to last financial year.
- The operating profit before non-recurring costs amounted to DKK 2 million (DKK 7 million) corresponding to an EBIT margin of 0.7% (2.6%). The Group's continuing operations (excl. Saint Tropez) generated an operating loss of DKK 10 million corresponding to a negative EBIT margin of 3.7%.

Financial performance for H1

	Revenue DKK million		Revenue growth		Operating profit DKK million		EBIT margin	
	H1 2018/19	H1 2017/18	Growth in local currency	Reported growth	H1 2018/19	H1 2017/18	H1 2018/19	H1 2017/18
Tiger of Sweden	422	455	(4.2)%	(7.3)%	32	44	7.6%	9.7%
By Malene Birger	156	174	(9.1)%	(10.3)%	(1)	13	(0.6)%	7.5%
Reportable segments	578	629	(5.5)%	(8.1)%	31	57	5.4%	9.1%
Central functions etc.	-	1	n.m	n.m	(9)	17	n.m	n.m
Continuing operations before non-recurring costs (excl. Saint Tropez)*	578	630	(5.7)%	(8.3)%	22	74	3.8%	11.7%
Non-recurring costs	-	-	-	-	(18)	-	n.m	n.m
Continuing operations (excl. Saint Tropez)*	578	630	(5.7)%	(8.3)%	4	74	0.7%	11.7%
Saint Tropez*	101	147	(30.3)%	(31.3)%	(70)	(9)	(69.3)%	(6.1)%
Total continuing opera- tions at 31 December	679	777	(10.3)%	(12.6)%	(66)	65	(9.7)%	8.4%

Financial performance of continuing operations for H1 (excluding Saint Tropez)

- Revenue from the Group decreased by 8.3% (5.7% measured in local currency) to DKK 578 million (DKK 630 million). This reduction was in particular driven by the retail channel, but also revenue from the wholesale channel declined. The same-store revenue declined by 15.8% especially driven by the physical stores. During H1 2018/19, no changes have been made to the total number of stores.
- The gross profit amounted to DKK 314 million for H1 2018/19 (DKK 400 million) corresponding to a gross margin of 54.3% (63.5%). As was the case for Q2 2018/19, a part of this gross margin decline is attributable to the implemented structural changes as well as the divestment of Peak Performance in 2017/18. After having adjusted for the implemented structural changes as well as the divestment of Peak Performance in 2017/18, the gross profit would have amounted to DKK 345 million and the gross margin to 59.7%. The remaining gross margin decline is attributable to higher discounts and negative channel mix effects compared to H1 2017/18.
- Capacity costs declined by DKK 18 million to DKK 310 million compared to H1 2017/18. After having adjusted for the previously mentioned non-recurring costs in respect of the transformation of IC Group of DKK 18 million, the costs declined by DKK 36 million. Approx. half of this amount is attributable to lower distribution costs in Group brands while approx. DKK 19 million is attributable to the fact that the fee income in respect of logistics services to Peak Performance during H1 2018/19 has been included under 'Other operating income' while this fee income was included under the gross profit last financial year. The cost ratio (excluding non-recurring costs) amounted to 50.5% which is 1.5 percentage points lower compared to last financial year.
- The operating profit before non-recurring costs for H1 2018/19 amounted to DKK 22 million (DKK 74 million) corresponding to an EBIT margin of 3.8% (11.7%). The reported operating profit amounted to DKK 4 million corresponding to an EBIT margin of 0.7%.

Financial performance and divestment of Saint Tropez

- As communicated in Company Announcement no. 1/2019, IC Group has divested Saint Tropez to DK Company A/S as at 31 January 2019. The Group expects a positive, minor million amount impact on cashflow from the sale while the accounting effect is expected to amount to a loss of DKK 70 million subject to the final adjustment of transaction costs, working capital as well as certain debt items. Out of this amount, DKK 55 million (impairment on non-current assets) has been recognized in H1 2018/19 while DKK 15 million is expected to be recognized in Q3 2018/19 (we refer to note 1 – Significant accounting estimates and assumptions on page 14). As of the interim report for Q3 2018/19, Saint Tropez will be classified and presented as discontinued operations.
- Revenue from Saint Tropez in Q2 2018/19 declined by 29.6% (28.8% measured in local currency) to DKK 50 million (DKK 71 million). This development was equally driven by both the wholesale channel which reported a revenue decline of 27.0% as well as the retail channel which reported a revenue decline of 32.4%. Revenue in H1 2018/19 declined by 31.3% (30.3% measured in local currency) to DKK 101 million (DKK 147 million) driven by revenue reductions reported in both the wholesale channel as well as the retail channel.
- The operating loss for Q2 2018/19 amounted to DKK 62 million (loss of DKK 6 million) resulting in a negative EBIT margin of 124.0% (negative EBIT margin of 8.5%). After having adjusted for impairment on non-current assets of DKK 47 million, the negative EBIT margin amounted to 30.0%. The operating loss for H1 2018/19 amounted to DKK 70 million resulting in a negative EBIT margin of 69.3% (negative EBIT margin of 6.1%). After having adjusted for the mentioned impairment, the negative EBIT margin amounted to 22.8%.

Outlook for the Group's continuing operations for the financial year 2018/19

The expectations for the Group's continuing operations for the financial year 2018/19, as announced on 28 January 2019 (Company Announcement no. 1/2019), are unchanged and are represented in their full length below.

For the Group's continuing operations, which comprise Tiger of Sweden, By Malene Birger and the reporting segment "Central functions", a minor revenue reduction measured in local currency is expected for the financial year 2018/19 compared to the year before. The EBIT margin is expected to be realized at a level of 1-2% prior to non-recurring costs in respect of the transformation of the Group.

In Tiger of Sweden, a minor revenue reduction (measured in local currency) and a moderate decline in nominal earnings are expected. The previous guidance for Tiger of Sweden stated: "revenue is expected to increase while the nominal earnings are expected at the same level as last financial year". The updated expectations for the brand reflect lower anticipated performance in direct-to-consumer channels for the rest of the financial year – retail in particular.

In By Malene Birger, a moderate revenue reduction (measured in local currency) and a substantial decline in nominal earnings are expected. The previous guidance for By Malene Birger stated: "revenue is expected to increase while the nominal earnings are expected at the same level as last financial year". Similar to Tiger of Sweden, the updated expectations for the brand reflect lower anticipated performance in direct-to-consumer channels for the rest of the financial year.

The line item "Central functions" will be negative as it will be affected negatively by changed allocation principles in respect of costs in the corporate functions as well as idle costs in respect of the head office after the divestment of Peak Performance. Combined, these amount to approx. DKK 30 million. The expected result of "Central functions" is unchanged compared to previous guidance announced on 5 December 2018 (Company Announcement no. 36/2018).

Investments for the continuing operations for the financial year 2018/19 are expected to amount to approx. 3% of annual revenue.

Outlook overview of the Group's continuing operations (before non-recurring costs)

DKK million	Realized 2017/18	Outlook 2018/19 as at 5 December 2018	Current outlook 2018/19	Status
Revenue growth (local currency)	(7.3)%	n.a.	Minor reduction	New
Tiger of Sweden	(9.0)%	Revenue growth	Minor reduction	Changed
By Malene Birger	(4.0)%	Revenue growth	Moderate reduction	Changed
EBIT margin before non-recurring costs	6.0%	n.a.	1-2%	New
Tiger of Sweden	47	Nominal earnings at same level	Moderate decline	Changed
By Malene Birger	18	Nominal earnings at same level	Substantial decline	Changed
Investments	2.3%	n.a.	Approx. 3%	New

Copenhagen, 6 February 2019

IC Group A/S

Forward-looking statements

This interim report contains forward-looking statements, including statements regarding the Group's future operating profit, financial position, inventory, cash flows, Group and brand strategies as well as plans for the future. Forward-looking statements include, without limitation, any statement that may predict, indicate or imply future results, performance or achievements, and may contain the words "believes", "expects", "estimates", "projects", "plans", "anticipates", "continues" and "intends" or any variations of such words or other words with similar meaning. The statements are based on Management's reasonable expectations and forecasts at the time of disclosure of the interim report. Any such statements are subject to risks and uncertainties, and a number of different factors of which many are beyond IC Group A/S' control can mean that the actual development and actual result will differ significantly from the expectations contained in the interim report. Without being exhaustive, such factors include general economics and commercial factors, including market and competitive matters, supplier issues and financial issues. Accordingly, forward-looking statements should not be relied on as a prediction of actual results.

This announcement is a translation from the Danish language. In the event of any discrepancy between the Danish and English versions, the Danish version shall prevail.

FINANCIAL HIGHLIGHTS AND KEY RATIOS

DKK million	Q2 2018/19 3 months	Q2 2017/18 3 months	H1 2018/19 6 months	H1 2017/18 6 months	Year 2017/18 12 months
INCOME STATEMENT ¹⁾					
Revenue	321	339	679	777	1,462
Gross profit	172	204	366	476	872
Operating profit before depreciation and amortization (EBITDA)	(11)	14	5	91	109
Operating profit before depreciation, amortization (EBITDA) and non-recurring costs ²⁾	1	14	23	91	109
Operating profit/loss (EBIT)	(72)	1	(66)	65	52
Operating profit/loss (EBIT) before non-recurring costs ²⁾	(13)	1	(1)	65	52
Net financials	3	(11)	2	(4)	(10)
Profit/loss for the period before tax	(69)	(10)	(64)	61	42
Profit/loss for the period of continuing operations	(83)	(8)	(79)	47	32
Profit for the period of discontinued operations	1	51	3	109	1,574
Profit/loss for the period	(82)	43	(76)	156	1,606
STATEMENT OF FINANCIAL POSITION					
Total assets			826	1,517	2,755
Average invested capital including goodwill			686	885	614
Net working capital			168	456	135
Total equity			379	775	2,294
Non-controlling interest			-	15	12
Net interest-bearing debt, end of period			-	88	(1,873)
STATEMENT OF CASH FLOW					
Cash flow from operating activities	70	156	(20)	48	277
Cash flow from investing activities	15	(20)	(20)	(36)	1,692
Investments in property, plant and equipment	(9)	(20)	(16)	(34)	(53)
Free cash flow	85	136	(40)	12	1,969
Cash flow from financing activities	(153)	(83)	(1,833)	(83)	(79)
Net cash flow for the period	(68)	53	(1,873)	(71)	1,890
KEY RATIOS (%)					
Revenue growth	(5.3)	(10.1)	(12.6)	(20.2)	(10.9)
Gross margin	53.6	60.2	53.9	61.3	59.6
Cost ratio	76.0	59.9	63.6	52.9	56.1
EBITDA margin	(3.4)	4.1	0.7	11.7	7.4
EBITDA margin before non-recurring costs ²⁾	0.3	4.1	3.4	11.7	7.4
EBIT margin	(22.4)	0.3	(9.7)	8.4	3.6
EBIT margin before non-recurring costs ²⁾	(4.0)	0.3	(0.1)	8.4	3.6
Return on equity			(5.7)	20.8	2.3
Equity ratio			45.9	51.1	83.3
Return on invested capital ³⁾			(11.5)	17.2	9.3
Net working capital in proportion to revenue ⁴⁾			12.3	16.8	8.8
Cash conversion			0.6	0.2	34.5
Financial gearing			-	11.4	(81.6)
SHARE-BASED RATIOS					
Average number of shares excluding treasury shares, diluted (1,000)	15,193	16,648	15,849	16,733	16,648
Share price, end of period, DKK	36.5	145.5	36.5	145.5	160.2
Earnings per share, DKK	(5.4)	2.2	(4.9)	9.1	96.3
Diluted earnings per share, DKK	(5.4)	2.2	(4.9)	9.1	96.3
Diluted cash flow per share, DKK	4.3	8.4	(1.5)	2.9	16.6
Diluted net asset value per share, DKK	24.9	45.7	23.9	45.4	137.1
Diluted price/earnings, DKK	(6.8)	66.1	(7.4)	16.0	1.7
EMPLOYEES					
Number of employees (calculated as FTEs, end of period)			806	1,175	831
NUMBER OF STORES (OWN STORES)					
Retail stores			62	120	67
Concessions			32	43	43

1) Comparative figures and key figures in the income statement have been adjusted to take into account Peak Performance and Designers Remix being presented as discontinued operations.

2) Key ratios have been adjusted for impairment in respect of the sale of Saint Tropez as well as the non-recurring costs related to the transformation of IC Group.

3) Return on invested capital has been calculated as EBIT's share of invested capital (key figures have not been adjusted to take into account Peak Performance and Designers Remix presented as discontinued operations).

4) Trailing 12 months revenue (key figures have not been adjusted to take into account Peak Performance and Designers Remix being presented as discontinued operations).

Key ratios have been calculated according to the recommendations issued by the Danish Society of Financial Analysts.

FINANCIAL PERFORMANCE

TIGER OF SWEDEN



Tiger of Sweden is strongly rooted in the classic tailoring traditions, manufacturing fashion wear for men and women with a strong and confident profile. Learn more about Tiger of Sweden at: tigerofsweden.com

Financial performance of Tiger of Sweden

As expected, Tiger of Sweden realized growth in the wholesale channel driven by higher order intakes supporting the brand's execution of its present strategy. During Q2 2018/19, McKinsey & Company has assisted the Management in strengthening the strategic business plan in order to ensure the fastest and most efficient execution hereof.

Revenue from Tiger of Sweden increased by 3.7% (5.9% measured in local currency) for Q2 2018/19 and amounted to DKK 196 million compared to DKK 189 million in Q2 2017/18. Revenue growth was driven by the wholesale channel which reported an increase of 23.1% due to higher order intake. Revenue from the retail channel decreased by 14.3%, and the same-store revenue declined by 11.2% driven by physical stores. Revenue for H1 2018/19 declined by 7.3% (4.2% measured in local currency) to DKK 422 million (DKK 455 million) driven especially by physical stores. The same-store revenue declined by 15.0%. No changes have been made to the store portfolio during H1 2018/19.

Generally, all markets reported growth except from Sweden where a large part of the brand's physical stores are located. The most important focus market Germany reported a revenue increase of almost 30%. Revenue from the Nordic region for H1 2018/19 declined while revenue growth was reported in markets outside the Nordic region – in particular Germany and England.

The gross margin for Q2 2018/19 was at the same level as last financial year which was also the case in respect of the cost level. However, the cost ratio declined as a consequence of the revenue growth. The gross margin for H1 2018/19 declined compared to last financial year while the cost ratio increased marginally in spite of a lower cost level.

The operating profit for Q2 2018/19 amounted to DKK 4 million compared to an operating loss of DKK 3 million for Q2 2017/18 corresponding to an EBIT margin of 2.0% compared to a negative EBIT margin of 1.6% for Q2 2017/18. The operating profit for H1 2018/19 amounted to DKK 32 million (DKK 44 million) corresponding to an EBIT margin of 7.6% (9.7%).

For the financial year 2018/19 as a whole, a minor revenue reduction (measured in local currency) and a moderate decline in nominal earnings are expected.

DKK million	Q2 2018/19 3 months	Q2 2017/18 3 months	Change, %	H1 2018/19 6 months	H1 2017/18 6 months	Change, %
Revenue	196	189	3.7	422	455	(7.3)
Wholesale and franchise	112	91	23.1	252	253	(0.4)
Retail, e-commerce and outlets	84	98	(14.3)	170	202	(15.8)
Revenue growth in local currency (%)	5.9			(4.2)		
Same-store growth (%)	(11.2)			(15.0)		
Operating profit before depreciation and amortization (EBITDA)	9	2	n.m	40	54	(25.9)
EBITDA margin (%)	4.6	1.1		9.5	11.9	
Depreciations, amortization and impairment losses	(5)	(5)	-	(8)	(10)	(20.0)
Operating profit (EBIT)	4	(3)	n.m	32	44	(27.3)
EBIT margin (%)	2.0	(1.6)		7.6	9.7	

* Revenue from Vingåker Factory Outlet (multi-brand outlet) accounted for DKK 35 million in Q2 2018/19 (DKK 42 million) and DKK 76 million in H1 2018/19 (DKK 90 million).

Own stores	Number of stores 31 Dec. 2018	Number of stores 31 Dec. 2017	Change	Number of stores 30 Jun. 2018
Retail stores	18	21	(3)	18
Concessions	19	19	-	19
Total	37	40	(3)	37

BY MALENE BIRGER

By Malene Birger is a Danish high-profile design brand with an international appeal offering affordable luxury to women. Learn more about By Malene Birger at: bymalenebirger.com

Financial performance of By Malene Birger

By Malene Birger is starting to see results from several initiatives implemented in production and distribution where higher focus is now large and strategically important key customers. Consequently, the order intake for the spring collections increased.

Revenue for Q2 2018/19 declined by 3.8% (3.0% measured in local currency) to DKK 75 million (DKK 78 million). Revenue from the wholesale channel increased by 2.2%. Consequently, the reduced revenue is attributable to the retail channel which reported a revenue decline of 12.5% driven by both physical stores as well as e-commerce. The same-store revenue declined by 15.9%. Revenue for H1 2018/19 decreased by 10.3% (9.1% measured in local currency) to DKK 156 million (DKK 174 million) due to reduced revenue from both the wholesale channel as well as the retail channel. The same-store revenue declined by 17.3%. No changes have been made to the store portfolio during H1 2018/19.

Revenue from the Nordic region declined marginally driven by Sweden while revenue from Rest of Europe remained at the same level. The reduced revenue level from outside Europe was primarily driven by Japan due to the terminated agency agreement. Most markets reported revenue declines for H1 2018/19.

The gross margin for Q2 2018/19 was at the same level as last financial year. The cost level remained unchanged, however, the cost ratio increased as a consequence of the reduced revenue. The gross margin for H1 2018/19 was also at the same level as last financial year while the cost ratio was significantly higher compared to H1 2017/18 as a consequence of the reduced revenue.

The operating profit for Q2 2018/19 amounted to DKK 2 million (DKK 5 million) corresponding to an EBIT margin of 2.7% (6.4%). Consequently, the EBIT margin development was driven by a higher cost ratio compared to last financial year. The operating loss for H1 2018/19 amounted to DKK 1 million (profit of DKK 13 million) resulting in a negative EBIT margin of 0.6% (positive EBIT margin of 7.5%). The earnings development is primarily attributable to the reduced revenue.

For the financial year 2018/19 as a whole, a moderate revenue reduction (measured in local currency) and a substantial decline in nominal earnings are expected.

DKK million	Q2 2018/19 3 months	Q2 2017/18 3 months	Change, %	H1 2018/19 6 months	H1 2017/18 6 months	Change, %
Revenue	75	78	(3.8)	156	174	(10.3)
Wholesale and franchise	47	46	2.2	104	114	(8.8)
Retail, e-commerce and outlets	28	32	(12.5)	52	60	(13.3)
Revenue growth in local currency (%)	(3.0)			(9.1)		
Same-store growth (%)	(15.9)			(17.3)		
Operating profit before depreciation and amortization (EBITDA)	4	7	(42.9)	3	17	(82.4)
EBITDA margin (%)	5.3	9.0		1.9	9.8	
Depreciations, amortization and impairment losses	(2)	(2)	-	(4)	(4)	-
Operating profit/loss (EBIT)	2	5	(60.0)	(1)	13	(107.7)
EBIT margin (%)	2.7	6.4		(0.6)	7.5	

Own stores	Number of stores 31 Dec. 2018	Number of stores 31 Dec. 2017	Change	Number of stores 30 Jun. 2018
Retail stores	9	9	-	9
Concessions	6	6	-	6
Total	15	15	-	15

Saint Tropez is a dynamic fast fashion brand for women which was founded in Hornbæk in 1984. Learn more about Saint Tropez at: sainttropez.com

Financial performance of Saint Tropez

As mentioned on page 2, IC Group has divested Saint Tropez to DK Company A/S as at 31 January 2019. As of the interim report for Q3 2018/19, Saint Tropez will be classified and presented as discontinued operations.

Revenue from Saint Tropez in Q2 2018/19 declined by 29.6% (28.8% measured in local currency) to DKK 50 million (DKK 71 million). This development was equally driven by both the wholesale channel which reported a revenue decline of 27.0% as well as the retail channel which reported a revenue decline of 32.4%. The same-store revenue decreased by 29.6%. Saint Tropez closed down two stores during Q2 2018/19. Revenue for H1 2018/19 decreased by 31.3% (30.3% measured in local currency) to DKK 101 million (DKK 147 million) due to reduced revenue from both the wholesale channel as well as the retail channel. The same-store revenue declined by 28.8%. Saint Tropez closed down two stores during H1 2018/19.

The revenue reduction for Q2 2018/19 was primarily driven by the Nordic region in which the majority of the brand's revenue is realized. However, revenue from outside the Nordic region also declined. H1 2018/19 reflects the same development.

The gross margin for Q2 2018/19 increased compared to last financial year which is attributable to a lower discount level during the quarter under review. The costs were negatively impacted by DKK 47 million due to impairment of non-current assets (cf. page 14) in respect of the divestment of Saint Tropez. After having adjusted for this impairment, the costs were at the same level as last financial year. However, the cost ratio was higher compared to last financial year due to the reduced revenue. The gross margin for H1 2018/19 was at the same level as H1 2017/18 while the costs (excluding the previously mentioned impairment) were lower compared to last financial year due to the cost-cutting measures implemented during the financial year 2017/18.

The operating loss for Q2 2018/19 amounted to DKK 62 million (loss of DKK 6 million) resulting in a negative EBIT margin of 124.0% (negative EBIT margin of 8.5%). After having adjusted for impairment on non-current assets of DKK 47 million, the negative EBIT margin amounted to 30.0%. The operating loss for H1 2018/19 amounted to DKK 70 million resulting in a negative EBIT margin of 69.3% (negative EBIT margin of 6.1%). After having adjusted for the mentioned impairment, the negative EBIT margin amounted to 22.8%.

DKK million	Q2 2018/19 3 months	Q2 2017/18 3 months	Change, %	H1 2018/19 6 months	H1 2017/18 6 months	Change, %
Revenue	50	71	(29.6)	101	147	(31.3)
Wholesale and franchise	27	37	(27.0)	56	80	(30.0)
Retail, e-commerce and outlets	23	34	(32.4)	45	67	(32.8)
Revenue growth in local currency (%)	(28.8)			(30.3)		
Same-store growth (%)	(29.6)			(28.8)		
Operating loss before depreciation and amortization (EBITDA)	(11)	(4)	n.m	(18)	(6)	n.m
EBITDA margin (%)	(22.0)	(5.6)		(17.8)	(4.1)	
Depreciations, amortization and impairment losses	(51)	(2)	n.m	(52)	(3)	n.m
Operating loss (EBIT)	(62)	(6)	n.m	(70)	(9)	n.m
EBIT margin (%)	(124.0)	(8.5)		(69.3)	(6.1)	

Own stores	Number of stores 31 Dec. 2018	Number of stores 31 Dec. 2017	Change	Number of stores 30 Jun. 2018
Retail stores	35	39	(4)	38
Concessions	7	5	2	6
Total	42	44	(2)	44

The Group

Revenue

Consolidated revenue of continuing operations for Q2 2018/19 amounted to DKK 321 million (DKK 339 million) corresponding to a reduction of 5.3% (3.7% measured in local currency). This development was driven by the retail channel across all Group brands due to lower revenue from especially physical stores. Revenue from the wholesale channel increased to DKK 186 million compared to DKK 174 million last financial year corresponding to a growth rate of 6.9% driven by Tiger of Sweden in particular. Revenue from the retail channel declined by 17.7% to DKK 135 million (DKK 164 million) especially driven by the physical stores of all Group brands and to a certain degree the e-commerce channel. The same-store revenue declined by 17.7%, and the number of stores was reduced by two stores (both in Saint Tropez) during Q2 2018/19.

Consolidated revenue of continuing operations for H1 2018/19 declined by 12.6% (10.3% measured in local currency) to DKK 679 million (DKK 777 million). The reduced revenue was particularly driven by the wholesale channel but also the retail channel reported revenue decline. The same-store revenue declined by 19.5% especially driven by physical stores. The number of stores was reduced by two stores during H1 2018/19.

Gross profit

The gross profit for Q2 2018/19 amounted to DKK 172 million (DKK 204 million), and the gross margin declined by 6.6 percentage points to 53.6%. A part of this gross margin decline is attributable to the implemented structural changes as well as the divestment of Peak Performance in 2017/18. After having adjusted for the implemented structural changes as well as the divestment of Peak Performance in 2017/18, the gross profit would have amounted to DKK 185 million and the gross margin to 57.6%. The remaining gross margin decline is primarily attributable to higher discounts compared to Q2 2017/18.

The gross profit for H1 2018/19 amounted to DKK 366 million (DKK 476 million) corresponding to a gross margin of 53.9% compared to 61.3% last financial year. As was the case for Q2 2018/19, a part of this gross margin decline is attributable to the implemented structural changes as well as the divestment of Peak Performance in 2017/18. After having adjusted for the implemented structural changes as well as the divestment of Peak Performance in 2017/18, the gross profit would have amounted to DKK 398 million and the gross margin to 58.6%. The remaining gross margin decline is attributable to higher discounts and negative channel mix effects compared to H1 2017/18.

Capacity costs

Capacity costs for Q2 2018/19 increased by DKK 41 million to DKK 244 million. After having adjusted for impairment of DKK 47 million relating to the divestment of Saint Tropez as well as non-recurring costs of DKK 12 million in respect of the transformation of IC Group, the costs declined by DKK 18 million. This decline is partly attributable to the fact that approx. DKK 9 million in fee income in respect of logistics services to Peak Performance during Q2 2018/19 has been included under 'Other operating income' while this fee income was included under the gross profit last financial year and partly the lower distribution costs in brands as well as a lower cost base in the corporate functions. The cost ratio (excluding impairment in Saint Tropez and non-recurring costs) amounted to 57.6% which is 2.3 percentage points lower compared to last financial year.

Capacity costs for H1 2018/19 increased by DKK 21 million to DKK 432 million. After having adjusted for the above-mentioned impairment relating to the divestment of Saint Tropez as well as the total non-recurring costs of DKK 18 million in respect of the transformation of IC Group, the costs declined by DKK 44 million. More than half of this amount is attributable to lower distribution costs in Group brands as well as a lower cost base in the corporate functions. Besides this, approx. DKK 19 million is attributable to the fact that the fee income in respect of logistics services to Peak Performance during H1 2018/19 has been included under 'Other operating income' while this fee income was included under the gross profit last financial year. The cost ratio (excluding impairment in Saint Tropez and non-recurring costs) amounted to 54.1% which is 1.2 percentage points higher compared to last financial year.

Other operating income for Q2 2018/19 of DKK 19 million is primarily attributable to income in respect of providing certain services to Peak Performance. Other operating income for H1 2018/19 amounted to DKK 38 million.

Operating profit (EBIT)

The operating loss for Q2 2018/19 amounted to DKK 72 million (profit of DKK 1 million) resulting in a negative EBIT margin of 22.4% compared to a positive EBIT margin of 0.3% last financial year. After having adjusted for impairment in Saint Tropez as well as the mentioned non-recurring costs, the operating loss amounted to DKK 13 million resulting in a negative EBIT margin of 4.0%

The operating loss for H1 2018/19 amounted to DKK 66 million (profit of DKK 65 million) resulting in a negative EBIT margin of 9.7% compared to a positive EBIT margin of 8.4% last financial year. After having adjusted for impairment in Saint Tropez as well as non-recurring costs of DKK 18 million, the operating loss amounted to DKK 1 million.

Tax on profit for the period of continuing operations

Tax on profit for Q2 2018/19 of continuing operations amounted to DKK 14 million (tax recovered of DKK 2 million) of which DKK 8 million was attributable to impairment of tax assets relating to Saint Tropez. Tax on profit for H1 2018/19 of continuing operations amounted to DKK 15 million (DKK 14 million).

Profit for the period of continuing operations

Loss of continuing operations for Q2 2018/19 amounted to DKK 83 million (loss of DKK 8 million). Loss of continuing operations for H1 2018/19 amounted to DKK 79 million (profit of DKK 47 million).

Profit for the period of discontinued operations

Profit of discontinued operations for Q2 2018/19 amounted to DKK 1 (DKK 51 million) and profit of discontinued operations for H1 2018/19 amounted to DKK 3 million (DKK 109 million). Discontinued operations for 2018/19 comprised profit for the period from Designers Remix as well as proceeds from the divestment of Designers Remix (Company Announcement no. 36/2018). Discontinued operations for 2017/18 comprised profit for the period from both Peak Performance and Designers Remix. For further information, please see note 4.

Statement of financial position

The development of the consolidated financial position as at 31 December 2018 compared to 31 December 2017 is generally impacted by the sale of Peak Performance to Amer Sports Corporation which was completed on 29 June 2018 as well as the divestment of Designers Remix which was completed on 5 December 2018. The disposal of net assets in connection with the divestments primarily affects inventories, trade receivables, trade payables as well as provisions deriving from discontinued operations. Furthermore, the impairment on non-current assets relating to Saint Tropez has had an impact on the consolidated financial position.

Net working capital

As at 31 December 2018, the working capital amounted to DKK 168 million corresponding to a decline of DKK 288 million compared to the same period last financial year primarily driven by the divestment of Peak Performance. The working capital constituted 12.3% of the trailing twelve months revenue compared to 16.8% for the same period last financial year (adjusted for the divestment of Peak Performance and Designers Remix 12.8%).

Statement of cash flows

Consolidated cash flow from operating activities for H1 2018/19 amounted to an outflow of DKK 20 million which is DKK 68 million lower compared to the same period last financial year. The development is primarily attributable to a lower operating profit for the period.

Cash flow from investing activities amounted to an outflow of DKK 20 million (an outflow of DKK 36 million). Investments in intangible assets and property, plant and equipment primarily relate to existing Tiger of Sweden stores and the Group's Logistics function. Cash flow from sale of businesses for H1 2018/19 amounted to an outflow of DKK 2 million which is attributable to Peak Performance by DKK 4 million (settlement of transactions costs and final settlement of sales price during Q2 2018/19) partly offset by the positive cash flow effect of DKK 2 million from the sale of Designers Remix.

Consolidated free cash flow thus amounted to an outflow of DKK 40 million (inflow of DKK 12 million).

As previously communicated (Company Announcement 20/2018), the Company completed a share buy-back programme in September 2018 under which it bought back 1,448,494 shares at DKK 159 per share with a nominal value of DKK 10 each corresponding to a total acquisition price of DKK 230 million and to 8.5% of the Company's total share capital. The remaining net proceeds from the divestment of Peak Performance of DKK 1,520 million were distributed to the shareholders as extraordinary dividend in September 2018.

Payment of extraordinary dividend and share buy-back have been completed on those terms which the Board of Directors communicated in Company Announcement no. 18/2018.

Changes in equity and equity ratio

Equity as at 31 December 2018 amounted to DKK 379 million (30 June 2018: DKK 2,294 million). This development was primarily driven by payment of extraordinary dividend of DKK 1,520 million, payment of ordinary dividend of DKK 83 million as well as share buy-back amounting to DKK 230 million. Furthermore, the equity has been affected by the operating loss for the period of DKK 76 million.

At the Company's Annual General Meeting held on 26 September 2018, it was resolved to cancel the Group's treasury shares through a capital reduction which was finalized on 5 November 2018 and amounted to DKK 19 million. Subsequently, the equity ratio as at 31 December 2018 amounted to 45.9% (30 June 2018: 83.3%).

CONSOLIDATED INCOME STATEMENT

Note	DKK million	Q2 2018/19 3 months	Q2 2017/18 3 months	H1 2018/19 6 months	H1 2017/18 6 months	Year 2017/18 12 months
3	Revenue	321	339	679	777	1,462
	Cost of sales	(149)	(135)	(313)	(301)	(590)
	Gross profit	172	204	366	476	872
	Other external costs	(99)	(85)	(196)	(177)	(352)
	Staff costs	(103)	(104)	(203)	(208)	(413)
	Other operating income and costs	19	(1)	38	-	2
	Operating profit before depreciation and amortization (EBITDA)	(11)	14	5	91	109
	Depreciation, amortization and impairment losses	(61)	(13)	(71)	(26)	(57)
	Operating profit/loss (EBIT)	(72)	1	(66)	65	52
	Financial income	5	2	7	9	24
	Financial costs	(2)	(13)	(5)	(13)	(34)
	Profit/loss before tax of continuing operations	(69)	(10)	(64)	61	42
	Tax/ tax recovered on profit for the period of continuing operations	(14)	2	(15)	(14)	(10)
	Profit/loss for the period of continuing operations	(83)	(8)	(79)	47	32
4	Profit for the period of discontinued operations	1	51	3	109	1,574
	Profit/loss for the period	(82)	43	(76)	156	1,606
	Profit allocation:					
	Shareholders of IC Group A/S	(82)	41	(77)	151	1,604
	Non-controlling interests	-	2	1	5	2
	Profit/loss for the period	(82)	43	(76)	156	1,606
	Earnings per share, DKK	(5.4)	2.2	(4.9)	9.1	96.3
	Diluted earnings per share, DKK	(5.4)	2.2	(4.9)	9.1	96.3
	Earnings per share of continuing operations, DKK	(5.5)	(0.4)	(5.0)	2.7	1.8
	Diluted earnings per share of continuing operations, DKK	(5.5)	(0.4)	(5.0)	2.7	1.8

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Note	DKK million	Q2 2018/19 3 months	Q2 2017/18 3 months	H1 2018/19 6 months	H1 2017/18 6 months	Year 2017/18 12 months
	Profit/loss for the period	(82)	43	(76)	156	1,606
	OTHER COMPREHENSIVE INCOME					
	<i>Items to be reclassified to the income statement when certain conditions are met:</i>					
	<i>Hedging transactions:</i>					
	Fair value adjustments, gain/loss on financial instruments related to cash flow hedges	18	22	12	(4)	38
	Reclassification to income statement, gains/loss on financial instruments related to realized cash flow hedges	(11)	8	(15)	(2)	(1)
	Tax on hedging transactions which may be reclassified to the income statement	(1)	(6)	1	2	(8)
	<i>Foreign currency translation adjustments:</i>					
	Foreign currency translation adjustments, foreign subsidiaries and intercompany loans	-	(10)	1	(15)	20
	Actuarial adjustments	-	-	-	-	(1)
	Other comprehensive income after tax	6	14	(1)	(19)	48
	Total comprehensive income	(76)	57	(77)	137	1,654
	Allocation of comprehensive income for the period:					
	Shareholders of IC Group A/S	(76)	55	(78)	132	1,652
	Non-controlling interests	-	2	1	5	2
	Total	(76)	57	(77)	137	1,654

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Note	DKK million	31 Dec. 2018	31 Dec. 2017	30 June 2018
	ASSETS			
	NON-CURRENT ASSETS			
	Intangible assets	97	235	139
	Property, plant and equipment	73	154	86
	Financial assets	14	20	11
	Deferred tax	27	64	38
	Total non-current assets	211	473	274
	CURRENT ASSETS			
5	Inventories	209	349	211
6	Trade receivables	195	402	178
	Tax receivable	45	83	32
	Other receivables	34	47	75
	Prepayments	48	73	44
7	Cash and cash equivalents	84	90	1,941
	Total current assets	615	1,044	2,481
	TOTAL ASSETS	826	1,517	2,755

Note	DKK million	31 Dec. 2018	31 Dec. 2017	30 June 2018
	EQUITY AND LIABILITIES			
	EQUITY			
	Share capital	152	171	171
	Reserve for hedging transactions	18	(13)	20
	Translation reserve	(49)	(83)	(50)
	Retained earnings	258	685	2,141
	Equity attributable to shareholders of the Parent Company	379	760	2,282
	Equity attributable to non-controlling interests	-	15	12
	Total equity	379	775	2,294
	LIABILITIES			
	Retirement benefit obligations	-	8	-
	Deferred tax	3	7	3
	Provisions	12	8	5
	Other liabilities	5	3	4
	Total non-current liabilities	20	26	12
7	Current liabilities to credit institutions	84	178	68
	Trade payables	178	199	177
	Tax payable	9	53	6
	Other liabilities	133	247	183
	Provisions	23	39	15
	Total current liabilities	427	716	449
	Total liabilities	447	742	461
	TOTAL EQUITY AND LIABILITIES	826	1,517	2,755

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

DKK million	Share capital	Reserve for hedging transactions	Translation reserve	Retained earnings	Proposed dividend	Equity owned by shareholders of ICG A/S	Equity owned by non-controlling interests	Total equity
Equity at 1 July 2018	171	20	(50)	2,058	83	2,282	12	2,294
Profit/loss for the period	-	-	-	(77)	-	(77)	1	(76)
Other comprehensive income after tax	-	(2)	1	-	-	(1)	-	(1)
Total comprehensive income	-	(2)	1	(77)	-	(78)	1	(77)
Transactions with owners:								
Reclassification	-	-	-	9	-	9	(9)	-
Dividend paid	-	-	-	-	(83)	(83)	(4)	(87)
Share buy-back	-	-	-	(230)	-	(230)	-	(230)
Cancellation of treasury shares	(19)	-	-	19	-	-	-	-
Costs related to capital changes	-	-	-	(1)	-	(1)	-	(1)
Extraordinary dividend, treasury shares	-	-	-	189	-	189	-	189
Extraordinary dividend paid	-	-	-	(1,709)	-	(1,709)	-	(1,709)
Changes in equity during the period	(19)	(2)	1	(1,800)	(83)	(1,903)	(12)	(1,915)
Equity at 31 December 2018	152	18	(49)	258	-	379	-	379

DKK million	Share capital	Reserve for hedging transactions	Translation reserve	Retained earnings	Proposed dividend	Equity owned by shareholders of ICG A/S	Equity owned by non-controlling interests	Total equity
Equity at 1 July 2017	171	(9)	(68)	534	85	713	10	723
Profit for the period	-	-	-	151	-	151	5	156
Other comprehensive income after tax	-	(4)	(15)	-	-	(19)	-	(19)
Total comprehensive income	-	(4)	(15)	151	-	132	5	137
Transactions with owners:								
Dividend, treasury shares	-	-	-	-	(2)	(2)	-	(2)
Dividend paid	-	-	-	-	(83)	(83)	-	(83)
Changes in equity during the period	-	(4)	(15)	151	(85)	47	5	52
Equity at 31 December 2017	171	(13)	(83)	685	-	760	15	775

DKK million	Shares
DEVELOPMENT IN TREASURY SHARES	
Treasury shares at 1 July 2018	442,572
Addition	1,454,979
Cancellation	(1,897,551)
Treasury shares at 31 December 2018	-

In September 2018, IC Group completed a share buy-back of 1,448,494 shares corresponding to DKK 230 million as communicated in Company Announcement no. 20/2018. At the Company's Annual General Meeting held on 26 September 2018, it was resolved to cancel the Group's treasury shares through a capital reduction which was finalized on 5 November 2018.

Following the capital reduction, IC Group A/S' nominal share capital amounts to DKK 151,933,070 divided into shares of each DKK 10 corresponding to 15,193,307 shares.

Furthermore, an extraordinary dividend of DKK 1,520 million was distributed in September 2018 as communicated in Company Announcement no. 18/2018. In October 2018, an ordinary dividend of DKK 83 million (DKK 85 million) was distributed. For technical reasons, it was required that the dividend was distributed on the Company's treasury shares, however, this did not have any accounting effect on the Company other than a dividend payment made out to the Company itself.

CONSOLIDATED STATEMENT OF CASH FLOWS

Note	DKK million	Q2 2018/19 3 months	Q2 2017/18 3 months	H1 2018/19 6 months	H1 2017/18 6 months	Year 2017/18 12 months
	CASH FLOW FROM OPERATING ACTIVITIES					
	Operating profit/loss, continuing operations	(72)	1	(66)	65	52
	Operating profit/loss, discontinued operations	(1)	66	3	142	132
	Operating profit/loss	(73)	67	(63)	207	184
	Other adjustments	83	5	105	26	35
	Change in working capital	66	101	(46)	(146)	101
	Cash flow from ordinary operating activities	76	173	(4)	87	320
	Financial income received	1	2	1	2	3
	Financial costs paid	(1)	(1)	(4)	(2)	(4)
	Cash flow from operating activities	76	174	(7)	87	319
	Tax paid	(6)	(18)	(13)	(39)	(42)
	Total cash flow from operating activities	70	156	(20)	48	277
	CASH FLOW FROM INVESTING ACTIVITIES					
	Investments in intangible assets	(3)	(1)	(3)	(3)	(8)
	Investments in property, plant and equipment	(9)	(20)	(16)	(34)	(53)
4	Sale of businesses	26	-	(2)	-	1,750
	Change in other financial assets	1	1	1	1	3
	Total cash flow from investing activities	15	(20)	(20)	(36)	1,692
	Total free cash flow	85	136	(40)	12	1,969
	CASH FLOW FROM FINANCING ACTIVITIES					
	Other liabilities	-	-	-	-	4
	Dividends paid	(83)	(83)	(83)	(83)	(83)
	Extraordinary dividends paid	-	-	(1,520)	-	-
	Dividend tax payables	(70)	-	-	-	-
	Share buy-back	-	-	(230)	-	-
	Total cash flow from financing activities	(153)	(83)	(1,833)	(83)	(79)
	NET CASH FLOW FOR THE PERIOD	(68)	53	(1,873)	(71)	1,890
	CASH AND CASH EQUIVALENTS					
	Cash and cash equivalents, beginning of period	68	(141)	1,873	(17)	(17)
	Net cash flow for the period	(68)	53	(1,873)	(71)	1,890
	Cash and cash equivalents, end of period	-	(88)	-	(88)	1,873

DKK million	31 Dec. 2018	31 Dec. 2017	30 June 2018
<i>Cash and cash equivalents in the statement of cash flows comprise:</i>			
Cash	84	90	1,941
Current liabilities to credit institutions	(84)	(178)	(68)
Cash and cash equivalents, cf. statement of cash flows	-	(88)	1,873

NOTES

1. Accounting policies

This interim financial report is prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies.

The accounting policies applied in this interim report are unchanged as compared to the accounting policies applied in the Annual Report 2017/18 and are in accordance with the International Financial Reporting Standard (IFRS) as adopted by the EU. We refer to the Annual Report 2017/18 (chapter 1) for a detailed description of the accounting policies.

As communicated in Company Announcement no. 6/2018 dated 30 April 2018, IC Group A/S entered into an agreement to sell Peak Performance to Amer Sports Corporation. Final closing of the transaction took place on 29 June 2018. On 5 December 2018, IC Group also entered into an agreement to sell Designers Remix to Hesselbjerg Holding ApS (Company Announcement no. 36/2018). Consequently, the assets relating to Peak Performance and Designers Remix are now presented as discontinued operations. Operating profit after tax of discontinued operations is presented as a separate item in the income statement under "Profit for the period of discontinued operations" with adjusted comparative figures. The comparative figures for the statement of financial position have not been adjusted. For further information, please see note 4.

IC Group has implemented all new and amended standards (IFRS) and interpretations (IFRIC) as endorsed by the EU and which are effective for the financial year 1 July 2018 – 30 June 2019. This implementation has had no impact on the recognition and measurement of the Group's assets and liabilities besides as described below.

IFRS 15 'Revenue from Contracts with Customers'

IC Group has implemented IFRS 15 as at 1 July 2018. The accounting policies applied have not been changed significantly as a consequence of the implementation as the accounting policies applied by the Group according to the existing standards and interpretations for recognition of revenue have essentially been in accordance with the principles of IFRS 15. The implementation has no impact on the income statement and no material impact on the statement of financial position. We refer to the Annual Report 2017/18 (chapter 1) for a detailed description.

IFRS 9 'Financial Instruments'

IC Group has implemented IFRS 9 as at 1 July 2018 by applying the simplified method, and, consequently, the Group registers expected losses during the life-span of all trade receivables. Based on the portfolio of financial assets and liabilities as well as the historically low realized losses on loans and receivables, the implementation of the new standard has not had any material impact on IC Group's interim report. Furthermore, no elements of the implementation of this standard have had any impact on recognition and measurement. We refer to the Annual Report 2017/18 (chapter 1) for a detailed description.

IFRS 16 'Leases'

Furthermore, IASB has issued IFRS 16 "Leases" which is effective for annual periods beginning on or after 1 January 2019 and which has been adopted by the EU on 31 October 2017. IC Group is currently assessing the impact of this new standard but has already assessed that particularly the lease terms will have an impact on the income statement, cash flow as well as statement of financial position when lease assets and lease liabilities are recognized. We refer to the Annual Report 2017/18 (chapter 1) for a detailed description.

Significant accounting estimates and assumptions

In the preparation of this interim report, the Management of IC Group makes a number of significant accounting estimates and assumptions that may affect the reported values of assets, liabilities, income, costs, cash flows and related information at the reporting date. The accounting estimates and assumptions which Management considers to be material for the preparation and understanding of the interim report appear from chapter 1 of the Annual Report 2017/18 and relate to, e.g., intangible assets including impairment test, inventories, trade receivables, provisions as well as tax.

In respect of the agreement to sell Saint Tropez to DK Company A/S, tangible and intangible assets as well as deferred tax assets in Saint Tropez have been impaired corresponding to the sales price less transaction costs as at 31 December 2018 pursuant to IAS 36 'Impairment of Assets'. Total impairment on the non-current assets amount to DKK 55 million while the value of the remaining net assets of approx. DKK 15 million is impaired at the date of sale.

The criteria for classification of Saint Tropez as discontinued operations pursuant to IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' have not been met before after the reporting date as the Board of Directors had not resolved to divest Saint Tropez as at 31 December 2018. Consequently, Saint Tropez will be classified and presented as discontinued operations as at Q3 2018/19.

2. Seasonality

The Group's business segments are to a certain degree influenced by seasonal fluctuations relating to seasonal deliveries to wholesale customers as well as a sales season of the Group's products that varies during the course of the year in the retail channel. Revenue and operating profit before tax thus vary in the various reporting periods for which reason they are not necessarily indicative of future trends. The results of the individual quarters are therefore not reliable sources in terms of projecting the Group's development.

3. Segment information

Business segments

Reporting to the Executive Board, which is considered to be the Chief Operating Decision Maker, is based on the separate reporting of each of the Group's business units (brands). Reporting is continuously adjusted to the Group structure and has been adjusted most recently in connection with the divestment of Designers Remix. As mentioned in note 1, the profit shares from Peak Performance and Designers Remix have been classified as discontinued operations. Comparative figures for 2017/18 have been adjusted. Please see note 4 for further information.

As at Q3 2018/19, Saint Tropez will also be classified and presented as discontinued operations.

Central functions

In all material respects, "Central functions" include;

- income and costs in Group functions which are not allocated to the Group's business segments;
- intercompany eliminations; and
- any differences arising between costs invoiced to Group brands and realized costs in the Group's service functions.

DKK million	Tiger of Sweden Q2 2018/19 3 months	By Malene Birger Q2 2018/19 3 months	Saint Tropez Q2 2018/19 3 months	Total continuing operations Q2 2018/19 3 months
Total revenue	196	75	50	321
Wholesale and franchise	112	47	27	186
Retail, e-commerce and outlets	84	28	23	135
Growth compared to 2017/18 (%)	3.7	(3.8)	(29.6)	(5.0)
Growth in local currency compared to 2017/18 (%)	5.9	(3.0)	(28.8)	(3.1)
Operating profit/loss before depreciation and amortization (EBITDA)	9	4	(11)	2
EBITDA margin (%)	4.6	5.3	(22.0)	0.6
Depreciations, amortization and impairment losses	(5)	(2)	(51)	(58)
Operating profit/loss (EBIT)	4	2	(62)	(56)
EBIT margin (%)	2.0	2.7	(124.0)	(17.4)
Reconciliation of segment information of continuing operations				
Operating loss (EBIT), reportable segments				(56)
Central functions*				(16)
Operating loss (EBIT)				(72)
Financial income				5
Financial costs				(2)
Loss before tax				(69)
Tax on profit for the period				(14)
Loss for the period				(83)

* Including non-recurring costs of DKK 12 million relating to the transformation of IC Group.

DKK million	Tiger of Sweden Q2 2017/18 3 months	By Malene Birger Q2 2017/18 3 months	Saint Tropez Q2 2017/18 3 months	Total continuing operations Q2 2017/18 3 months
Total revenue	189	78	71	338
Wholesale and franchise	91	46	37	174
Retail, e-commerce and outlets	98	32	34	164
Operating profit/loss before depreciation and amortization (EBITDA)	2	7	(4)	5
EBITDA margin (%)	1.1	9.0	(5.6)	1.5
Depreciations, amortization and impairment losses	(5)	(2)	(2)	(9)
Operating profit/loss (EBIT)	(3)	5	(6)	(4)
EBIT margin (%)	(1.6)	6.4	(8.5)	(1.2)
Reconciliation of segment information of continuing operations				
Operating loss (EBIT), reportable segments				(4)
Central functions				5
Operating profit (EBIT)				1
Financial income				2
Financial costs				(13)
Loss before tax				(10)
Tax on profit for the period				2
Loss for the period				(8)

DKK million	Tiger of Sweden H1 2018/19 6 months	By Malene Birger H1 2018/19 6 months	Saint Tropez H1 2018/19 6 months	Total continuing operations H1 2018/19 6 months
Total revenue	422	156	101	679
Wholesale and franchise	252	104	56	412
Retail, e-commerce and outlets	170	52	45	267
Growth compared to 2017/18 (%)	(7.3)	(10.3)	(31.3)	(12.5)
Growth in local currency compared to 2017/18 (%)	(4.2)	(9.1)	(30.3)	(10.1)
Operating profit/loss before depreciation and amortization (EBITDA)	40	3	(18)	25
EBITDA margin (%)	9.5	1.9	(17.8)	3.7
Depreciations, amortization and impairment losses	(8)	(4)	(52)	(64)
Operating profit/loss (EBIT)	32	(1)	(70)	(39)
EBIT margin (%)	7.6	(0.6)	(69.3)	(5.7)
Reconciliation of segment information of continuing operations				
Operating loss (EBIT), reportable segments				(39)
Central functions*				(27)
Operating loss (EBIT)				(66)
Financial income				7
Financial costs				(5)
Loss before tax				(64)
Tax on profit for the period				(15)
Loss for the period				(79)

* Including non-recurring costs of DKK 18 million relating to the transformation of IC Group.

DKK million	Tiger of Sweden H1 2017/18 6 months	By Malene Birger H1 2017/18 6 months	Saint Tropez H1 2017/18 6 months	Total continuing operations H1 2017/18 6 months
Total revenue	455	174	147	776
Wholesale and franchise	253	114	80	447
Retail, e-commerce and outlets	202	60	67	329
Operating profit/loss before depreciation and amortization (EBITDA)	54	17	(6)	65
EBITDA margin (%)	11.9	9.8	(4.1)	8.4
Depreciations, amortization and impairment losses	(10)	(4)	(3)	(17)
Operating profit/loss (EBIT)	44	13	(9)	48
EBIT margin (%)	9.7	7.5	(6.1)	6.2
Reconciliation of segment information of continuing operations				
Operating profit (EBIT), reportable segments				48
Central functions				17
Operating profit (EBIT)				65
Financial income				9
Financial costs				(13)
Profit before tax				61
Tax on profit for the period				(14)
Profit for the period				47

DKK million	Q2 2018/19 3 months	Q2 2017/18 3 months	H1 2018/19 6 months	H1 2017/18 6 months
Segment revenue (reportable segments)	321	338	679	776
Unallocated items and eliminations	-	1	-	1
Total revenue, cf. income statement	321	339	679	777

4. Discontinued operations and sale of businesses

Discontinued operations for 2018/19 only comprise Designers Remix as Peak Performance was divested on 29 June 2018 while 2017/18 comprise both Peak Performance and Designers Remix.

Discontinued operations

DKK million	Q2 2018/19 3 months	Q2 2017/18 3 months	H1 2018/19 6 months	H1 2017/18 6 months	Year 2017/18 12 months
Revenue	6	334	27	706	1,140
Cost of sales	(3)	(151)	(13)	(323)	(541)
Gross profit	3	183	14	383	599
Other external costs	(4)	(62)	(8)	(134)	(262)
Staff costs	(2)	(48)	(5)	(95)	(189)
Other operating income and costs	2	(1)	2	(1)	-
Operating profit/loss before depreciation and amortization (EBITDA)	(1)	72	3	153	148
Depreciation, amortization and impairment losses	-	(6)	-	(11)	(16)
Operating profit/loss (EBIT)	(1)	66	3	142	132
Financial income	-	1	-	2	4
Financial costs	-	(1)	(1)	(2)	(1)
Gain on sale of businesses	1	-	1	-	1,475
Profit before tax	-	66	3	142	1,610
Tax on profit for the period	1	(15)	-	(33)	(36)
Profit for the period of discontinued operations	1	51	3	109	1,574
Profit allocation:					
Shareholders of IC Group A/S	1	49	2	104	1,572
Non-controlling interests	-	2	1	5	2
Profit for the period of discontinued operations	1	51	3	109	1,574
Earnings per share of discontinued operations, DKK	0.1	2.6	0.1	6.4	94.5
Diluted earnings per share of discontinued operations, DKK	0.1	2.6	0.1	6.4	94.5

Statement of cash flow:					
Cash flow from operating activities	1	124	4	(14)	130
Cash flow from investing activities	-	(9)	-	(18)	(27)
Total cash flow	1	115	4	(32)	103

*Excluding sales proceeds, transaction costs, etc. Please see statement of cash flows.

Sale of businesses

On 5 December 2018, IC Group A/S divested Designers Remix A/S (51% equity share) to Hesselbjerg Holding A/S (Company Announcement no. 36/2018). The payment in cash amounted to DKK 8 million. Payments to be settled in subsequent financial year amount to DKK 4 million (long-term loan). The accounting gain on the sale amounted to DKK 1 million.

DKK million	31 Dec. 2018
Non-current assets	4
Intangible assets	1
Property, plant and equipment	1
Deferred tax	2
Current assets	19
Inventories	10
Trade receivables	7
Cash and cash equivalents	2
Non-current liabilities	1
Provisions	1
Current liabilities	8
Trade payables	3
Tax payable	1
Other liabilities	4
Carrying amount of sold net assets	14
Non-controlling interests share of sold net assets	(7)
Carrying amount of sold net assets, IC Group share	7
Payment in cash	8
Value of net assets	(7)
Gain on sale	1

31 Dec.
2018

DKK million		
Cash flow effect		
Gain on sale		1
Value of net assets		7
Disposed cash, cf. above		(2)
Net cash flow effect		6
Payments to be settled in subsequent financial year		(4)
Cash flow effect recognized in the statement of cash flow		2
Payments settled related to the sale of Peak Performance		(4)
Total cash flow effect recognized in the statement of cash flow		(2)

5. Inventories

DKK million	31 Dec. 2018	31 Dec. 2017	30 June 2018
Raw material and consumables	37	42	41
Finished goods and goods for resale	180	315	180
Goods in transit	23	60	28
Total inventories, gross	240	417	249
Changes in inventory write-downs for the period:			
Write-downs at 1 July	38	90	90
Write-downs for the period, addition (recognized in the income statement)	10	20	34
Write-downs for the period, reversals (utilized)	(14)	(37)	(56)
Write-downs for the period, reversals (not utilized)	-	(5)	(5)
Disposal in connection with sale of businesses for the period	(3)	-	(25)
Total inventory write-downs	31	68	38
Total inventories, net	209	349	211

6. Trade receivables

DKK million	31 Dec. 2018	31 Dec. 2017	30 June 2018
Not yet due	147	290	147
Due, 1-60 days	38	88	19
Due, 61-120 days	4	8	5
Due more than 120 days	6	16	7
Total trade receivables, net	195	402	178
Change in trade receivables write-downs for the period:			
Write-downs at 1 July	21	29	29
Change in write-downs for the period	2	-	1
Realized loss for the period	(6)	(4)	(5)
Disposal in connection with sale of businesses for the period	(1)	-	(4)
Total write-downs	16	25	21

7. Net interest-bearing debt

DKK million	31 Dec. 2018	31 Dec. 2017	30 June 2018
Net interest-bearing debt comprises:			
Current liabilities to credit institutions	84	178	68
Interest-bearing debt, gross	84	178	68
Cash	84	90	1,941
Net interest-bearing debt	-	88	(1,873)

As a consequence of the ongoing structural changes, the Group's credit facilities have been adjusted. In the future, the Group's non-guaranteed credit facilities amount to DKK 396 million.

8. Events after the reporting period

As announced on 28 January 2019 (Company Announcement no. 1/2019), IC Group has divested Saint Tropez to DK Company A/S, and as of Q3 2018/19, Saint Tropez will be classified and presented as discontinued operations. The accounting loss of DKK 70 million has been recognized with DKK 55 million in Q2 2018/19 while the remaining DKK 15 million is expected to be recognized in Q3 2018/19 (we refer to note 1 – Significant accounting estimates and assumptions on page 14).

Besides the above, no material events have taken place after the reporting period that have not been recognized or otherwise included in this interim report.

STATEMENT BY THE MANAGEMENT

The Board of Directors and the Executive Board have today considered and approved the interim report of IC Group A/S for the period 1 July 2018 – 31 December 2018. This interim financial report is prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU, cf. chapter on accounting policies and additional Danish disclosure requirements for interim reports of listed companies.

Except from the implemented accounting standards (IFRS) and interpretations (IFRIC) mentioned in note 1, the accounting policies applied in this interim report are unchanged as compared to the accounting policies applied in the Annual Report 2017/18. This interim report is unaudited and has not been reviewed by the Group's auditors.

In our opinion, we consider the applied accounting policies to be appropriate to the effect that this interim report gives a true and fair view of the Group's assets, liabilities and financial position at 31 December 2018 and of the results of the Group's operations and cash flows for the period 1 July 2018 – 31 December 2018.

Furthermore, we consider the Management Commentary (on page 1-9) to give a true and fair review of the development of the Group's operations and financial affairs, profit for the period and of the Group's financial position for the period as a whole as well as a description of the most significant risks and uncertainty factors that the Group is facing.

Apart from the information set out in this interim report, there have been no changes to the Group's significant risks and uncertainties that have not been disclosed in the Annual Report 2017/18.

Copenhagen, 6 February 2019

The Executive Board:

ALEXANDER MARTENSEN-LARSEN
CEO

The Board of Directors:

PETER THORSEN
Chairman

HENRIK HEIDEBY
Deputy Chairman

NIELS ERIK MARTINSEN
Board Member

MICHAEL HAUGE SØRENSEN
Board Member

JÓN BJÖRNSSON
Board Member

CONNY KALCHER
Board Member

CORPORATE INFORMATION

IC GROUP'S CORPORATE INFORMATION

Share capital	151,933,070	Address	IC Group A/S
Number of shares	15,193,307		12 Adelgade
Share class	One class		1304 Copenhagen K
ISIN code	DK0010221803		Denmark
Business Reg. No. (CVR)	62816414		
Reuter ticker	IC.CO	Phone:	+ 45 32 66 77 88
Bloomberg ticker	IC DC	E-mail:	info@icgroup.net
		Homepage:	icgroup.net

FINANCIAL CALENDAR



14 May
2019



29 August
2019

CONTACT

Karin Hjort Jensen	Phone: +45 32 66 75 43
Executive assistant to the CEO	E-mail: khje@icgroup.net