

ELLOS GROUP

FNG NORDIC AB (PUBL) GROUP

Press release, Borås 29 May 2020

FNG NORDIC AB (PUBL) THREE-MONTH REPORT JANUARY - MARCH 2020

The three-month report for FNG Nordic AB (Ellos Group) is published today.

- Net sales totalled SEK 604.5 million.
- The gross margin amounted to 49.1%.
- The operating loss amounted to SEK -24.7 million. The operating margin was -3.9%.
- Adjusted EBITA amounted to SEK 0.9 million. The adjusted EBITA margin stood at 0.1%.
- Adjusted EBITDA amounted to SEK 23.4 million. The adjusted EBITDA margin stood at 3.6%.
- Cash flow from operating activities amounted to SEK -50.6 million. Operating cash flow, that is, cash flow from operating activities and cash flow from investing activities, totalled SEK -60.3 million. Cash and cash equivalents amounted to SEK 240.3 million.

Comment from Emmanuel Bracke, CEO FNG Nordic AB (publ)

The first quarter 2020 became challenging in terms of profitability with a slowdown in demand for clothing and footwear which were noticeable even before covid-19 due to a warm winter and negative effects of Black Week on seasonal sale in January. This, together with covid-19, had a negative effect on sales, merchandise margin and marketing efficiency during the first quarter.

After the end of the first quarter, financial performance has improved significantly in terms of both sales and result. Adjusted EBITDA margin stood at SEK 44.1 million in April compared to SEK 0.9 million for the first quarter and the corresponding outcome for adjusted EBITDA totalled SEK 51.7 million compared to SEK 23.4 million. These improvements are partly due to the further acceleration of sales in home interior as well as launched plans from the beginning of the year regarding price reductions and marketing. While there is great uncertainty about future development in relation to covid-19, we can point out that May is also developing positively.

Ellos Group has a positive view on the future despite extraordinary and uncertain times from the impact of covid-19. Management and all employees are now working hard to ensure that customers feel safe and secure to shop online. As the leading e-commerce group in the Nordic region, we have a large and wide range of products with attractive offers online in the fashion and home segments with a strong range of own products and external brands. Consumption and purchasing patterns have been affected in the retail sector as a whole during the corona pandemic, which applies to the Group as well, but e-commerce is strong and the shift from physical commerce to online has accelerated.

We have relatively limited disturbances, currently without any critical direct impact on the business operations. We are cooperating closely with our diversified network of suppliers with a balanced geographic exposure which, combined with relevant stock levels, has contributed to a stable availability of goods.

Concerning integration with the rest of FNG, work is ongoing and the project on joint product purchases is underway. Business conditions are set and agreed, the technical aspects of the project are underway and the first request for quotation to suppliers has been made. This project will in the long term mean lower purchasing costs and agent commissions.

Ellos Group has a solid financial position with access to liquidity both in terms of cash at hand and credit facilities with bank.

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This information is information that FNG Nordic AB (publ) is legally obliged to disclose in accordance with the EU Market Abuse Regulation and the Swedish Securities Market Act. Through the agency of the contact persons shown above, the information was released for publication on 29th of May 2020 at 18.00 CET.

ABOUT ELLOS GROUP

The Ellos Group, which includes Ellos, Jotex, Stayhard, and Homeroom, is the Nordic region's leading e-commerce group. Working closely with our millions of customers, we are constantly striving to develop and offer attractive and sustainable fashion and household items for the entire family. Our focus is always on the customer. We continuously work to develop our business through innovation, creativity, and sustainability. The Ellos Group, headquartered in Borås, Sweden, and with operations in all Nordic countries, has around 550 employees. Since 2019 the Ellos Group has been part of listed fashion group FNG NV, with operations throughout Europe.

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