

ELLOS GROUP

Ellos Group AB (publ) group, (renamed from FNG Nordic AB (Publ))

Press release, Borås 16 November 2022

ELLOS GROUP AB (PUBL) INTERIM REPORT JANUARY – SEPTEMBER 2022

The interim report for Ellos Group AB (publ) is published today.

THE THIRD QUARTER 2022

- Net sales increased by 1.5 % to SEK 858.9 (846.6) million. Organically, net sales increased by 1.2 %.
- The gross margin decreased to 49.9 (50.3) %.
- Adjusted EBITA amounted to SEK 30.3 (36.4) million.
- The adjusted EBITA margin stood at 3.5 (4.3) %.
- The operating profit/loss amounted to SEK -3.7 (6.6) million. The operating margin was -0.4 (0.8) %.
- Cash flow from operating activities amounted to SEK -0.5 (7.1) million.
- Cash and cash equivalents amounted to SEK 154.7 (179.7) million.

NINE MONTHS 2022

- Net sales increased by 1.7 % to SEK 2 572.8 (2 529.8) million. Organically, net sales increased by 0.1 %.
- The gross margin decreased to 50.8 (51.7) %.
- Adjusted EBITA amounted to SEK 53.7 (122.5) million.
- The adjusted EBITA margin stood at 2.1 (4.8) %.
- The operating profit/loss amounted to SEK -28.6 (33.2) million. The operating margin was -1.1 (1.3) %.
- Cash flow from operating activities amounted to SEK -87.6 (-59.6) million.
- Cash and cash equivalents amounted to SEK 155.7 (179.7) million.

Comment from the CEO of Ellos Group AB (publ)

A QUARTER COLOURED BY GLOBAL UNCERTAINTIES

In terms of sales, Ellos Group delivered a good quarter in a challenging macroeconomic situation. Consistent with the rest of the year, the third quarter was defined by geopolitical uncertainty following Russia's invasion of Ukraine and the subsequent energy crisis, inflation and declining demand in the consumer market. We succeeded in maintaining high sales levels in spite of this, and our assessment is that we are gaining market share. I view this as acknowledgement that Ellos, Jotex and Homeroom hold a strong position and that our investment in women in mid-life is right for us.

Demand for Ellos Group's wide, affordable range remained robust during the quarter. Both fashion and home furnishings had a good quarter, and we are continuing to grow in the Nordics and Europe. Sales increased 1.5 percent to SEK 858.9 million. Organically, growth was in line with last year's comparative quarter. As we know, there was strong growth in online sales due to the Covid-19 pandemic. It is positive that Ellos Group's sales this quarter are at the same level as Q3 2021, and 10 percent higher than Q3 2020 and around 25 percent higher than Q3 2019 (pre-Covid-19).

We took several steps during the quarter to further improve our customer offer, and launched a range of

new collections and exciting collaborations. We launched fashion collection with Eva Röse and a vintage-find campaign with Kristin Lagerqvist. Moving forward, Ellos Group will increase its focus and efforts on our core customer group in order to continue growing the business profitably.

The quarter's gross margin of 49.9 percent (50.3) was affected mainly by negative currency effects, as well as by higher warehouse rental costs and discounts. Although our stock levels remain high in a historical perspective and have an impact on cash flow, we view well-stocked inventories as a strength ahead of the important Christmas shopping season and in light of the prevailing uncertainty regarding global supply chains.

As during last quarter, there was an increase in returns as compared with last year's low levels. We view this development as a normalisation in a longer historical comparison, but it does affect our costs. Distribution costs also increased, due mainly to fuel surcharges, while our marketing expenses decreased.

As previously communicated, we are sharpening our strategy to increase our focus and efforts on our offer to our core customers – women in mid-life. In line

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with this, we made the difficult decision that Stayhard was no longer part of our core business. We were pleased to announce the sale of Stayhard during the quarter and are gratified that the brand lives on.

With the troubling global economic trend combined with high inflation, price increases and rising interest rates, consumers are already tightening their purse strings, which is likely to affect consumption in future. In line with our strategy, focus on our offer to core customers is our top priority. Given the market situation, we have also increased our focus on

efficiency and costs. But our view remains that the structural effect of an increase in shopping done online as opposed to in physical stores will continue.

We are prepared to face these global challenges and we continue to closely monitor developments. As a leading e-commerce operator with strong fashion and home furnishing brands, we look positively to the future.

Hans Ohlsson, CEO

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This information is information that Ellos Group 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 16th of November 2022 at 08.30 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, and with operations in all Nordic countries and selected European markets, has around 600 employees and sales of around SEK 3.6 billion. www.ellosgroup.com