

ELLOS GROUP

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

INTERIM REPORT JANUARY - SEPTEMBER 2022

"A quarter coloured by global uncertainties"

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.

FINANCIALS KPI'S

AMOUNT IN MSEK	3 MONTHS JUL - SEP 2022	3 MONTHS JUL - SEP 2021	CHANGE	9 MONTHS JAN - SEP 2022	9 MONTHS JAN - SEP 2021	CHANGE
Net sales	858.9	846.6	1.5%	2 572.8	2 529.8	1.7%
Organic growth, net sales %	1.2	9.9		0.1	17.9	
Gross margin, %	49.9	50.3		50.8	51.7	
Adjusted EBITA	30.3	36.4	-16.8%	53.7	122.5	-56.2%
Adjusted EBITA- margin, %	3.5	4.3		2.1	4.8	
Operating profit/loss	-3.7	6.6	>-100%	-28.6	33.2	>-100%
Operating margin, %	-0.4	0.8		-1.1	1.3	
Profit/loss for the period	-47.5	-18.4	>-100%	-170.1	-90.7	-87.5%
Cash-flow from operations	-0.5	7.1	>-100%	-87.6	-59.6	-47.0%



*Not defined according to IFRS. See page 17.

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 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





THIRD QUARTER 2022

SALES

Net sales for the period amounted to SEK 858.9 (846.6) million which is an increase of 1.5 % compared to last year. Exchange rate changes and dispose of operations (Stayhard) affects organic growth, which increased by 1.2%.

GROSS PROFIT

Gross profit for the period amounted to SEK 428.3 (426.1) million which is an increase of 2.2 million compared to last year. The quarter's gross margin amounted to 49.9% (50.3%) and was mainly affected by negative currency effects. Increased warehouse rental costs and discounts on the home range also affected the gross margin.

OPERATING COSTS

Selling expenses amounted to SEK 329.5 (333.7) million which is a decrease of SEK 4.2 million compared to last year. In relation to net sales, selling expenses decreased by 1.0 percentage point. This improvement occurred despite an increase in distribution costs due to reduced marketing costs. Selling expenses also include amortization of acquisition-related intangible assets of SEK 23.6 (23.9) million.

Administrative expenses, which in the quarter amounted to SEK 94.6 (85.0) million increased by SEK 9.6 million mainly due to a phasing effect.

Other income amounted to SEK 4.0 (5.4) million and other costs to SEK -11.9 (-6.2) million. The increased costs are mainly related to the disposal of fixed assets in connection with sale of Stayhard SEK 7.7 million.

ADJUSTED EBITA

Adjusted EBITA amounted to SEK 30.3 (36.4) million which means a decrease of SEK 6.1 million compared with the corresponding period last year.

EBITA

EBITA amounted to SEK 20.0 (30.5) million which is a decrease of SEK 10.5 million compared with the same period last year .

FINANCIAL ITEMS AND TAXES

Financial income amounted to SEK 2.7 (16.1) million and financial expenses amounted to SEK -47.1 (-38.4) million. The financial income for 2021 included a revaluation of warrants with 13.1 MSEK. The corresponding post does not exist in 2022.

Income tax for the period amounted to SEK 0.6 (-2.7) million.

NET PROFIT

Net profit for the period amounted to SEK -47.5 (-18.4) million.

CASH FLOW

Cash flow from operating activities amounted to SEK -0.5 (7.1) million. The cash flow includes bond loan interest expenses amounting to SEK 26.1 (25.6) million. The quarter's cash flow was also affected by the fee of SEK 15.0 million that was paid to the bondholders as a result of the change in ownership that took place for the group during the second quarter of 2022

Inventories decreased during the quarter by SEK -6.4 (119.2) million, which had a positive effect on cash flow.

Accounts payable decreased during the quarter by SEK -33.2 (52.2) million and has had a negative effect on cash flow.

Cash flow from investments totalled SEK -6.7 (-11.2) million, where the biggest part of it was related to commercial development projects.

Cash flow from financing activities amounted to SEK 6.2 (-14.5) million and mainly referred to changes in the group's revolving credit and lease liability. During the quarter, the group also repurchased warrants for SEK 14.6 million.

Cash and cash equivalents amounted to SEK 155.7 (179.7) million.

Cash flow for the period totalled SEK -1.0 (-18.6) million.



NINE MONTH 2022

SALES

Net sales for the period amounted to SEK 2 572.8 (2 529.8) million which is an increase of 1.7 % compared to last year. Organically, net sales increased by 0.1 percent. Exchange rate changes and the sale of Stayhard have affected the organic growth.

GROSS PROFIT

Gross profit for the period amounted to SEK 1 308.2 (1 307.8) million which is an increase of 0.4 million compared to last year. The gross margin decreased by 0.9 percentage points compared with the same period last year and amounted to 50.8 (51.7) percent. Currency effects and increased storage costs have affected the gross margin negatively compared to last year.

OPERATING COSTS

Selling expenses amounted to SEK 1 013.8 (992.8) million which is an increase of SEK 21.0 million compared to last year. In relation to net sales, sales costs increase by 0.2 percentage points. It is mainly the distribution costs that have increased but at the same time reduced costs for marketing. Selling expenses include amortization of acquisition-related intangible assets of SEK 70.9 (71.7) million.

Administrative expenses, which amounted to SEK 303.3 (301.9) million increased by SEK 1.4 million.

Other income amounted to SEK 16.1 (27.1) million and other costs to SEK -35.8 (-7.0) million. Both the reduced income and part of the increased costs are related to exchange rate changes. Other costs also include disposal of intangible assets related to Stayhard.

ADJUSTED EBITA

Adjusted EBITA amounted to SEK 53.7 (122.5) million which means a decrease of SEK 68.8 million compared with the corresponding period last year.

EBITA

EBITA amounted to SEK 42.3 (104.9) million which is a decrease of SEK 62.6 million compared with the same period last year.

FINANCIAL ITEMS AND TAXES

Financial income amounted to SEK 13.1 (19.6) million and financial expenses amounted to SEK -157.0 (-136.9) million. The financial expenses in 2022 include a fee of SEK 15.0 million which is issued to the bondholders as a result of the change in ownership that occurred for the group in the second quarter 2022.

Income tax for the period amounted to SEK 2.4 (-6.6) million.

NET PROFIT

Net profit for the period amounted to SEK -170.1 (-90.7) million.

CASH FLOW

Cash flow from operating activities amounted to SEK -87.6 (-59.7) million. The cash flow includes bond loan interest expenses amounting to SEK 77.3 (76.8) million.

Inventories increased during the six months by SEK 47.2 (214.4) million, which had a negative effect on cash flow.

Accounts payable decreased during the nine months by SEK -99.6 (80.4) million and has had a negative effect on cash flow.

Cash flow from investments totalled SEK -28.4 (-40.3) million, where the biggest part of it was related to commercial development projects.

Cash flow from financing activities amounted to SEK 75.4 (-41.0) million and mainly referred to changes in the group's revolving credit facility and lease liability.

Cash and cash equivalents amounted to SEK 155.7 (179.7) million.

Cash flow for the period totalled SEK -40.6 (-141.0) million.



SIGNIFICANT EVENTS DURING THE THIRD QUARTER

The parent company in the group has changed its name to Ellos Group AB (publ) from FNG Nordic AB (publ). The name change was registered with the Swedish Companies Registration Office on 15 August 2022.

On July 8, 2022, it was informed that Ellos Group is selling Stayhard to Footway Group. Stayhard has been owned by Ellos Group since 2014. Ellos Group will focus on growing the main business and making greater investment in the group's core customer – the woman in mid life. As a result of this, a strategic decision was made earlier in 2022 to close the fashion store Stayhard which targets a substantially different target group. The sale of Stayhard was carried out on 7 September 2022.

EVENTS AFTER CLOSING DATE

On 21 October, it was informed that Ellos Group AB (publ) received approval from the investors in the bond to make one adjustment in the group's legal holding structure. Ellos Group Nordic AB has received the shares in Ellos Group Holding AB as an unconditional shareholder contribution.

In the income tax return for the year 2020, Ellos AB made a deduction for costs relating to a collaboration with the former owner FNG in Belgium, SEK 158.7 million. The deduction and a comment on this were reported in the tax return. In a reassessment decision, the Swedish Tax Agency announced its assessment regarding deductions made on 19 October, and Ellos AB was denied deductions for these costs and taxed with SEK 20.5 million and a tax surcharge of SEK 14.5 million. The company is considering appealing the Tax Agency's decision.

NUMBER OF EMPLOYEES

As at 30 September 2022, the group had 591 (585) employees.

RISKS AND UNCERTAINTIES

The Group is exposed to several risks, for example in areas such as currency, interest rate and financing as well as competition, the economy and IT security, and these risks can affect

operations and earnings. The risks that have been identified are described in the Group's annual report for 2021 on pages 10-11 and 37-39.

It should be noted, however, that there is a great deal of uncertainty in the global market in a number of areas, such as prices and supply of raw materials, production- and transport capacity.

PLEDGED ASSETS

The group's assets pledged as collateral for financing from Swedbank AB (publ) and the issued bond are unchanged compared with 31 December 2021 and is described in the Group's annual report for 2021 on page 61.

The shares in the subsidiary Ellos Group Nordic AB have been pledged, in favor of the Group's bond loans and other credit facilities, similar to the shares in other companies within the Group.

CONTINGENT LIABILITIES

The Group has received a decision following an ongoing tax audit in the subsidiary Ellos Finland OY. The remark refers to whether VAT is to be levied in the company's financial operations and refers to the years 2018 and 2019. This decision has been appealed, and the Group believes that there are good opportunities for a positive outcome. Further information can be found in the Group's annual report for 2021 on page 61.

PARENT COMPANY

The Parent Company's operating profit/loss for the third quarter amounted to SEK 0.0 (0.1) million. The Parent Company's income consists of intra-group services and the main costs was consultant costs. Net financial income/expense amounted to SEK -41.8 (-16.6) million for the third quarter and primarily comprised interest on issued bonds, interest on the settlement amount and fee to the bondholders as a result of the change in ownership that took place for the group. Financial income previous year referred to a revaluation of issued warrants.



Distrubution of net sales

Amount in MSEK	3 MONTHS		CHANGE	9 MONTHS		CHANGE
	JUL - SEP 2022	JUL - SEP 2021		JAN - SEP 2022	JAN - SEP 2021	
Revenue from agreements with customers	782.0	770.0	1.6%	2 334.0	2 292.4	1.8%
Additional purchase price Resurs Bank	76.9	76.6	0.5%	238.8	237.4	0.6%
Net sales	858.9	846.6	1.5%	2 572.8	2 529.8	1.7%

Net sales, components

Amount in MSEK	3 MONTHS		3 MONTHS		9 MONTHS		9 MONTHS	
	JUL - SEP 2022	CHANGE	JUL - SEP 2021	CHANGE	JAN - SEP 2022	CHANGE	JAN - SEP 2021	CHANGE
Organic growth	10,0	1,2%	73,6	9,9%	1,5	0,1%	373,6	17,9%
Currency effects	18,0	2,2%	-1,2	-0,1%	46,5	1,8%	-21,5	-1,0%
Dispose of operations	-15,7	-1,9%	-3,8	-1,0%	-5,0	-0,2%	-3,9	-0,9%
Change in net sales	12,3	1,5%	68,6	8,8%	43,0	1,7%	348,2	16,0%

Net sales per country where the customer is located

Amount in MSEK	3 MONTHS		CHANGE	9 MONTHS		CHANGE
	JUL - SEP 2022	JUL - SEP 2021		JAN - SEP 2022	JAN - SEP 2021	
Sweden	438.9	462.7	-5.2%	1 358.2	1 373.3	-1.1%
Norway	158.6	143.0	10.9%	465.8	439.5	6.0%
Finland	134.0	140.7	-4.8%	388.2	391.9	-0.9%
Denmark	63.4	60.3	5.1%	188.2	201.9	-6.8%
Germany	29.2	13.3	>100%	85.8	68.1	26.0%
Other Europe	34.8	26.6	30.8%	86.6	55.1	57.3%
Net sales	858.9	846.6	1.5%	2 572.8	2 529.8	1.7%

Other income

Amount in MSEK	3 MONTHS		CHANGE	9 MONTHS		CHANGE
	JUL - SEP 2022	JUL - SEP 2021		JAN - SEP 2022	JAN - SEP 2021	
Rental income	1.2	1.3	-14.2%	3.6	3.4	4.1%
Royalties	1.9	3.4	-42.6%	9.0	11.6	-22.8%
Exchange gain	0.9	0.1	>100%	1.6	9.8	-83.7%
Other	0.0	0.6	-99.6%	1.9	2.3	-18.3%
Other income	4.0	5.4	-25.8%	16.1	27.1	-40.5%

Other costs

Amount in MSEK	3 MONTHS		CHANGE	9 MONTHS		CHANGE
	JUL - SEP 2022	JUL - SEP 2021		JAN - SEP 2022	JAN - SEP 2021	
Loss on consignment sales	-1.4	0.0	>-100%	-1.4	0.0	>-100%
Sale/disposal of fixed assets	-7.7	-0.1	>-100%	-7.7	-0.8	>-100%
Exchange loss	-2.8	-6.1	54.1%	-26.7	-6.2	>-100%
Other costs	-11.9	-6.2	-90.5%	-35.8	-7.0	>-100%

Consolidated income statement

Amount in MSEK	3 MONTHS JUL - SEP 2022	3 MONTHS JUL - SEP 2021	9 MONTHS JAN - SEP 2022	9 MONTHS JAN - SEP 2021
Net sales	858.9	846.6	2 572.8	2 529.8
Cost of goods sold	-430.6	-420.5	-1 264.6	-1 222.0
Gross profit	428.3	426.1	1 308.2	1 307.8
Selling expenses	-329.5	-333.7	-1 013.8	-992.8
Administrative expenses	-94.6	-85.0	-303.3	-301.9
Other income	4.0	5.4	16.1	27.1
Other costs	-11.9	-6.2	-35.8	-7.0
Operating profit/loss	-3.7	6.6	-28.6	33.2
Financial items				
Financial income	2.7	16.1	13.1	19.6
Financial costs	-47.1	-38.4	-157.0	-136.9
Financial items	-44.4	-22.3	-143.9	-117.3
Profit/loss before tax	-48.1	-15.7	-172.5	-84.1
Income tax	0.6	-2.7	2.4	-6.6
Profit/loss for the period	-47.5	-18.4	-170.1	-90.7
Attributable to:				
Parent company's shareholders	-47.5	-18.4	-170.1	-90.7

Consolidated statement of comprehensive income

Amount in MSEK	3 MONTHS JUL - SEP 2022	3 MONTHS JUL - SEP 2021	9 MONTHS JAN - SEP 2022	9 MONTHS JAN - SEP 2021
Profit/loss for the period	-47.5	-18.4	-170.1	-90.7
Items not to be returned to the income statement:				
Actuarial gains/losses	0.0	0.0	29.0	14.1
Tax effect	0.0	0.0	-6.0	-2.9
Items not to be returned to the income statement	0.0	0.0	23.0	11.2
Items that can later be reversed to the income statement:				
Translation differences for the period	1.4	3.3	2.9	1.4
Cash-flow hedges change in value	106.3	29.9	209.1	43.8
Cash-flow hedges returned to the income statement	-92.0	-7.1	-152.8	14.2
Tax effect	-2.9	-4.7	-11.6	-11.9
Items that can later be reversed to the income statement	12.8	21.4	47.6	47.5
Comprehensive income	-34.7	3.0	-99.5	-32.1
Attributable to parent company's shareholders	-34.7	3.0	-99.5	-32.1

Consolidated statement of financial position

Amount in MSEK	2022-09-30	2021-09-30	2021-12-31
ASSETS			
<i>Non-current assets</i>			
Goodwill	677.0	677.0	677.0
Trademarks	445.3	446.5	445.3
Customer relationships	394.1	488.6	465.0
Development expenditure	95.5	104.4	104.2
Right-of-use assets	512.4	505.7	491.0
Equipment, tools, fixtures and fittings	54.0	45.3	57.2
Investments in leased property	69.9	72.2	72.7
Constuction in progress within property, plant and equipment	2.3	7.5	0.1
Non-current receivables	7.2	4.9	6.4
Deferred tax assets	24.9	53.8	29.8
Total non-current assets	2 282.6	2 405.9	2 348.7
<i>Current asset</i>			
Inventories	785.9	743.3	738.6
Return assets	13.2	11.5	12.6
Accrued income	30.5	40.7	32.9
Trade receivables	47.7	46.1	44.0
Current receivables from group companies	0.0	12.8	12.8
Current tax assets	100.4	121.3	83.9
Derivate instruments	120.6	33.0	44.5
Other current receivables	19.1	19.9	47.9
Prepaid expenses	28.5	53.7	32.3
Cash & cash equivalents	155.7	179.7	196.3
Total current assets	1 301.6	1 262.0	1 245.8
TOTAL ASSETS	3 584.2	3 667.9	3 594.5

Consolidated statement of financial position

Amount in MSEK	2022-09-30	2021-09-30	2021-12-31
EQUITY AND LIABILITIES			
<i>Equity attributable to parent company's shareholders</i>			
Share capital	0.5	0.5	0.5
Additional paid-in capital	679.9	679.9	679.9
Reserves	36.9	15.4	-10.8
Retained earnings including the profit/loss for the year	-876.5	-665.3	-729.4
Total Equity	-159.3	30.5	-59.8
<i>Non-current liabilities</i>			
Bond issue	1 476.7	1 464.0	1 467.2
Long-term lease liabilities	446.5	444.9	432.2
Other long-term liabilities	9.0	26.5	42.6
Deferred tax liabilities	188.7	200.0	195.7
Provision for pensions	133.7	150.8	163.0
Total non-current liabilities	2 254.6	2 286.2	2 300.7
<i>Current liabilities</i>			
Interest-bearing liabilities	134.6	0.0	0.0
Current lease liabilities	69.4	61.4	60.9
Trade payables	321.4	368.9	421.0
Current liabilities to Group companies	0.0	0.1	0.1
Current tax liabilities	42.1	81.7	49.0
Other provisions	477.6	434.1	446.2
Derivatives	40.2	9.1	23.6
Other current liabilities	126.3	114.3	114.4
Repayment liability	29.2	26.0	27.2
Accrued expenses	248.1	255.6	211.2
Total Current liabilities	1 488.9	1 351.2	1 353.6
Total liabilities	3 743.5	3 637.4	3 654.3
TOTAL EQUITY AND LIABILITIES	3 584.2	3 667.9	3 594.5



Consolidated statement of changes in equity

Amount in MSEK	Share capital	Other contributed capital	Translation reserve	Hedging reserve	Retained earnings including profit of the year	Total Equity
Opening balance as at 1 January 2022	0.5	679.9	-10.2	-0.6	-729.4	-59.8
Comprehensive income						
Profit/loss for the period					-170.1	-170.1
Other comprehensive income:						
Cash flow hedges						
Change in fair value for the year				209.1		209.1
Transferred to the income statement				-152.8		-152.8
Translation differences			2.9			2.9
Actuarial gains/losses					29.0	29.0
Tax attributable to items in other comprehensive income				-11.6	-6.0	-17.6
Other comprehensive income, after tax			2.9	44.7	23.0	70.7
Comprehensive income			2.9	44.7	-147.1	-99.5
Transactions with shareholders:						
Dividends					0	0
Transactions with shareholders					0	0
Balance at 30 September 2022	0.5	679.9	-7.3	44.2	-876.5	-159.3

Consolidated statement of changes in equity

Amount in MSEK	Share capital	Other contributed capital	Translation reserve	Hedging reserve	Retained earnings including profit of the year	Total Equity
Opening balance as at 1 January 2021	0.5	679.9	12.3	-44.3	-585.7	62.6
Comprehensive income						
Profit/loss for the period					-90.7	-90.7
Other comprehensive income:						
Cash flow hedges						
Change in fair value for the year				43.8		43.8
Transferred to the income statement				14.2		14.2
Translation differences			1.4			1.4
Actuarial gains/losses					14.1	14.1
Tax attributable to items in other comprehensive income				-11.9	-2.9	-14.8
Other comprehensive income, after tax			1.4	46.0	11.2	58.6
Comprehensive income			1.4	46.0	-79.6	-32.1
Transactions with shareholders:						
Dividends					0	0
Transactions with shareholders					0	0
Balance at 30 September 2021	0.5	679.9	13.7	1.7	-665.3	30.5

Consolidated cash flow statement

Amount in MSEK	3 MONTHS JUL - SEP 2022	3 MONTHS JUL - SEP 2021	9 MONTHS JAN - SEP 2022	9 MONTHS JAN - SEP 2021
Cash flow from operating activities				
Cash-flow from operations before changes in working capital	5.3	30.6	-31.6	35.5
Cash-flow from changes in working capital	-5.7	-23.5	-55.9	-95.2
Cash-flow from operations	-0.4	7.1	-87.5	-59.7
Investments				
Acquisition of intangible fixed assets	-4.8	-3.5	-19.4	-11.6
Acquisition of tangible fixed assets	-1.6	-7.2	-8.1	-27.2
Acquisition of financial fixed assets	-0.3	-0.5	-0.9	-1.5
Cash-flow from investments	-6.7	-11.2	-28.4	-40.3
Financing activities				
Payment of warrants	-14.6	0.0	-14.6	0.0
Payment of lease liabilities	-15.0	-14.5	-44.7	-41.0
Change of revolving credit	35.7	0.0	134.6	0.0
Cash-flow from financing activities	6.1	-14.5	75.3	-41.0
Cash-flow for the period	-1.0	-18.6	-40.6	-141.0
Cash and cash equivalents at beginning of period	156.7	198.3	196.3	320.7
Exchange rate difference in liquid assets	0.0	0.0	0.0	0.0
Cash and cash equivalents at end of period	155.7	179.7	155.7	179.7



Parent company income statement

Amount in MSEK	3 MONTHS JUL - SEP 2022	3 MONTHS JUL - SEP 2021	9 MONTHS JAN - SEP 2022	9 MONTHS JAN - SEP 2021
Net sales	1.0	3.3	2.9	14.5
Gross profit	1.0	3.3	2.9	14.5
Administrative expenses	-1.0	-3.2	-3.3	-13.9
Operating profit	0.0	0.1	-0.4	0.6
Financial items				
Interest income	1.8	16.2	13.5	23.1
Interest costs	-43.6	-32.9	-136.7	-119.2
Financial items	-41.8	-16.7	-123.1	-96.1
Profit/loss after financial costs	-41.8	-16.6	-123.6	-95.5
Profit/loss before tax	-41.8	-16.6	-123.6	-95.5
Income tax	0.0	2.3	-4.1	4.1
Profit/loss for the period	-41.8	-14.2	-127.6	-91.4

Parent company statement of comprehensive income

Amount in MSEK	3 MONTHS JUL - SEP 2022	3 MONTHS JUL - SEP 2021	9 MONTHS JAN - SEP 2022	9 MONTHS JAN - SEP 2021
Profit/loss for the period	-41.8	-14.2	-127.6	-91.4
Comprehensive income	-41.8	-14.2	-127.6	-91.4



Parent company's balance sheet

Amount in MSEK	2022-09-30	2021-09-30	2021-12-31
ASSETS			
<i>Fixed assets</i>			
Shares in subsidiaries	2 369.8	2 369.8	2 369.8
Long-term receivables	0.0	2.9	0.0
Deferred tax assets	0.0	4.7	0.0
Total Fixed assets	2 369.8	2 377.4	2 369.8
<i>Current assets</i>			
Receivables from group companies	168.1	293.5	272.8
Tax assets	0.0	0.3	0.1
Other current assets	0.1	0.2	0.0
Prepayments and accrued income	1.7	0.9	0.5
Cash and bank	2.3	5.8	3.2
Total Current assets	172.2	300.7	276.5
TOTAL ASSETS	2 542.0	2 678.1	2 646.3
EQUITY AND LIABILITIES			
<i>Equity</i>			
<i>Restricted equity</i>			
Share capital	0.5	700.5	0.5
<i>Non-restricted equity</i>			
Non-restricted equity	547.5	31.7	675.2
Total Equity	548.0	732.2	675.7
<i>Long-term liabilities</i>			
Bond issue	1 476.7	1 463.9	1 467.1
Long-term liabilities	0.0	24.1	34.7
Total Long-term liabilities	1 476.7	1 488.0	1 501.8
<i>Current liabilities</i>			
Accounts payable	0.0	0.9	0.9
Liabilities to group companies	13.0	0.0	1.9
Tax liabilities	3.7	0.0	0.0
Other provisions	476.7	434.1	446.2
Other current liabilities	0.0	0.3	0.3
Accrued expenses and prepaid income	23.7	22.6	19.5
Total Current liabilities	517.1	457.9	468.8
TOTAL EQUITY AND LIABILITIES	2 542.0	2 678.1	2 646.3

Financial KPI's

Amount in MSEK	3 MONTHS JUL - SEP 2022	3 MONTHS APR - JUN 2022	3 MONTHS JAN - MAR 2022	3 MONTHS OCT - DEC 2021	3 MONTHS JUL - SEP 2021	3 MONTHS APR - JUN 2021	3 MONTHS JAN - MAR 2021	3 MONTHS OCT - DEC 2020	3 MONTHS JUL - SEP 2020	3 MONTHS APR - JUN 2020	3 MONTHS JAN - MAR 2020
Net sales	858.9	854.6	859.3	1 059.3	846.6	852.9	830.3	993.3	778.0	763.1	640.5
Gross profit	428.2	438.6	441.3	535.7	426.1	460.1	421.7	517.9	252.5	417.7	314.3
Gross margin. %	49.9	51.3	51.4	50.6	50.3	53.9	50.8	52.1	32.5	54.7	49.1
Adjusted gross profit	428.2	438.6	441.3	535.7	426.1	460.0	421.7	517.9	411.1	417.7	314.3
Adjusted gross margin. %	49.9	51.3	51.4	50.6	50.3	53.9	50.8	52.1	52.8	54.7	49.1
EBITA	19.9	22.0	0.4	35.2	30.5	42.9	31.4	-302.0	-74.6	129.6	-0.8
Adjusted EBITA	30.3	8.4	15.0	38.9	36.4	54.6	31.4	99.4	85.0	104.8	0.9
Adjusted EBITA-margin. %	3.5	1.0	1.7	3.7	4.3	6.4	3.8	10.0	10.9	13.7	0.1
EBITDA	47.0	48.9	27.2	60.1	54.7	66.6	54.8	-279.6	-51.3	152.8	21.7
Adjusted EBITDA	57.3	35.4	41.8	63.7	60.6	78.3	54.8	121.8	108.3	128.0	23.4
Operating profit/loss	-3.7	-1.7	-23.2	10.4	6.6	19.0	7.5	-325.9	-98.5	105.7	-24.7
Operating margin. %	-0.4	-0.2	-2.7	1.0	0.8	2.2	0.9	-32.8	-12.7	13.9	-3.9
Financial items	-44.4	-56.6	-42.8	-59.7	-22.2	-50.1	-45.1	-35.7	-41.9	-40.5	-36.6
Profit/loss before tax	-48.1	-58.3	-66.1	-49.3	-15.7	-31.0	-37.5	-361.6	-140.4	65.2	-61.3
Profit/loss for the period	-47.5	-61.6	-61.0	-57.4	-18.4	-34.0	-38.3	-334.1	-150.7	41.0	-49.9
Cash-flow from operations	-0.5	16.8	-103.9	43.5	7.1	19.7	-86.5	89.4	79.1	13.6	-50.6
Cash-flow for the period	-1.0	-1.4	-38.2	16.6	-18.6	-7.4	-115.1	60.0	61.4	-31.6	-41.1
Balance sheet total at the end of the period	3 584.2	3 621.5	3 614.4	3 594.5	3 667.9	3 555.4	3 543.6	3 632.2	3 605.2	3 645.1	3 736.6
Cash and cash equivalents at end of period	155.7	156.7	158.1	196.3	179.7	198.3	205.6	320.7	263.4	202.7	240.3
Inventories at the end of the period	785.9	792.2	769.9	738.6	743.3	624.0	585.3	528.9	536.2	470.4	525.4
Equity at the end of the period	-159.3	-124.5	-145.5	-59.8	30.5	27.6	54.8	62.6	437.3	588.8	558.1
Net debt	1 455.6	1 415.7	1 405.4	1 270.9	1 284.3	1 262.6	1 252.0	1 133.8	1 187.9	1 245.6	1 236.1
Number of employees at the end of the period	592	602	612	604	585	581	556	551	522	521	530

NOTES TO THE FINANCIAL STATEMENTS

Note 1 General information

Ellos Group AB (publ), corporate identity number 559175-1325 is a limited company registered in Sweden with registered office in Stockholm. The Company's address is PO Box 961, 501 10 Borås.

Ellos Group AB is a subsidiary of Cidron e-Com S.à r.l., B164334, 8 rue Lou Hemmer L-1748 Senningerberg, Luxemburg.

Unless otherwise stated, all amounts are shown in SEK millions.

Note 2 Significant accounting policies

General information

The consolidated financial statements for Ellos Group AB (publ) have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and issued by International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRIC). Furthermore, the group also applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for groups. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting.

Applied accounting principles in the interim report are consistent with the accounting principles that were applied in the preparation of the consolidated and annual report 2021.

New and changed amendments together with new interpretations which come into effect on 1 January 2022 are not expected to have a significant impact on the group's financial statements.

Redovisningsprinciper för moderbolaget

The Parent Company applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities.

Application of RFR 2 means the Parent Company must, as far as possible, apply all IFRS adopted by the EU within the framework of the Swedish Annual Accounts Act and the Swedish Pension Obligations Vesting Act. and consider the relationship between accounting and taxation.

Note 3 Significant estimates and judgements

The preparation of an interim report requires management to make assessments and estimates as well as assumptions that affect the application of the accounting principles and reported amounts for assets, liabilities, income and expenses. Actual outcome may deviate from these estimates and judgments.

Important estimates and assessments made by the company management appear from the annual report for 2021 on pages 35-36.

Note 4 Transactions with related parties

Transactions for the Parent Company and the group with related parties are currently of the same nature as described in annual report 2021 for FNG Nordic AB.

Note 5 Fair value financial instruments

The group's financial instruments measured at fair value as at 30 September 2022 comprise currency derivatives. Derivatives contracts with positive values amounted to SEK 120.6 (33.0) million and derivative contracts with negative values amounted to SEK 40.2 (9.1) million. Derivatives transactions are accounted for at gross value.

Financial assets and financial liabilities valued at fair value in the balance sheet (derivatives) are categorized according to the three-level fair value hierarchy in IFRS 13 (Level 1, 2 or 3). Measurement of all currency derivatives is categorized in Level 2. Currency futures are valued based on observable information regarding the currency rates and market interest rates as at the balance sheet date for the remaining term.

RECONCILIATION OF KPI'S THAT ARE NOT DEFINED ACCORDING TO IFRS

Some of the financial performance measures in this report which are used by management and analysts to assess the group's performance are not defined in IFRS. Below is a reconciliation of the alternative key indicators with the nearest reconcilable item. Management believes that these financial performance measures facilitate analysis and evaluation of this report and provide valuable information to increase the ability to make comparisons between periods. This information should be regarded as complementing, rather than replacing, financial reporting according to IFRS. FNG Nordic group's definitions of these financial performance measures may differ from other companies' definitions of the same terms.

	3 MONTHS JUL - SEP 2022	3 MONTHS JUL- SEP 2021	9 MONTHS JAN - SEP 2022	9 MONTHS JAN - SEP 2021
Gross profit, MSEK				
Net sales	858.9	846.6	2 572.8	2 529.8
Cost of goods sold	-430.6	-420.5	-1 264.6	-1 220.0
Gross profit	428.3	426.1	1 308.2	1 307.8

Gross profit shows the difference between net sales less and cost of goods sold. Gross profit depends among the others on price development, costs development and product mix.

	3 MONTHS JUL - SEP 2022	3 MONTHS JUL- SEP 2021	9 MONTHS JAN - SEP 2022	9 MONTHS JAN - SEP 2021
Gross Margin, %				
Gross profit, in MSEK	428.3	426.1	1 308.2	1 307.8
Net sales, in MSEK	858.9	846.6	2 572.8	2 529.8
Gross margin	49.9	50.3	50.8	51.7

Gross margin shows the difference between net sales less and cost of goods sold in percentage to net sales. Gross margin depends among the others on price development, costs development and product mix.

	3 MONTHS JUL - SEP 2022	3 MONTHS JUL- SEP 2021	9 MONTHS JAN - SEP 2022	9 MONTHS JAN - SEP 2021
EBITA, MSEK				
Operating profit/loss	-3.7	6.6	-28.6	33.2
Amortization and impairment of acquisition-related intangible assets (Trademarks, Customer relations)	23.6	23.9	70.9	71.7
EBITA	19.9	30.5	42.3	104.9

EBITA shows the operating profit/loss before amortization of intangible assets caused by acquisition-related activities.

	3 MONTHS JUL - SEP 2022	3 MONTHS JUL- SEP 2021	9 MONTHS JAN - SEP 2022	9 MONTHS JAN - SEP 2021
ADJUSTED EBITA, MSEK				
Operating profit/loss	-3.7	6.6	-28.6	33.2
Amortization and impairment of acquisition-related intangible assets (Trademarks, Customer relations)	23.6	23.9	70.9	71.7
Non-recurring items				
Sale of Stayhard	10.3	0.0	10.3	0.0
Strategic costs	0.0	16.3	1.1	28.0
Repayment FORA	0.0	-10.4	0.0	-10.4
Adjusted EBITA	30.3	36.4	53.7	122.5

Adjusted EBITA shows the operating profit/loss before amortization, of acquisition-related intangible assets adjusted for nonrecurring items. Non-recurring items: refer to the items that are not occur yearly and are separated from usual business.

	3 MONTHS JUL - SEP 2022	3 MONTHS JUL - SEP 2021	9 MONTHS JAN - SEP 2022	9 MONTHS JAN - SEP 2021
ADJUSTED EBITA marginal, %				
Net sales, in MSEK	858.9	846.6	2 572.8	2 529.8
Adjusted EBITA, in MSEK	30.3	36.4	53.7	122.5
Adjusted EBITA- margin	3.5	4.3	2.1	4.8

Adjusted EBITA-margin shows the relationship between adjusted EBITA and net sales.

	3 MONTHS JUL - SEP 2022	3 MONTHS JUL - SEP 2021	9 MONTHS JAN - SEP 2022	9 MONTHS JAN - SEP 2021
ADJUSTED EBITDA, MSEK				
Operating profit/loss	-3.7	6.6	-28.6	33.2
Amortization, depreciation and impairment	50.	48.1	151.7	143.0
EBITDA	47.0	54.7	123.1	176.2
Non-recurring items				
Sales of Stayhard	10.3	0.0	10.3	0.0
Strategic costs	0.0	16.3	1.1	28.0
Repayment FORA	0.0	-10.4	0.0	-10.4
Adjusted EBITDA	57.3	60.6	134.5	193.8

Adjusted EBITDA shows the operating profit/loss before amortization, depreciation, and impairment adjusted for non-recurring items. Non-recurring items: refer to the items that are not occur yearly and are separated from usual business.

	3 MONTHS JUL - SEP 2022	3 MONTHS JUL - SEP 2021	9 MONTHS JAN - SEP 2022	9 MONTHS JAN - SEP 2021
OPERATING PROFIT/LOSS, MSEK				
Profit/loss before tax	-48.2	-15.7	-172.5	-84.1
Financial items	-44.5	-22.3	-143.9	-117.3
Operating profit/loss	-3.7	6.6	-28.6	33.2

Operating profit/loss shows the result for the operating activities, and this is an important KPI that Ellos Group follows

	3 MONTHS JUL - SEP 2022	3 MONTHS JUL - SEP 2021	9 MONTHS JAN - SEP 2022	9 MONTHS JAN - SEP 2021
OPERATING MARGIN, %				
Operating profit/loss, in MSEK	-3.7	6.6	-28.6	33.2
Net sales, in MSEK	858.9	846.6	2 572.8	2 529.8
Operating margin	-0.4	0.8	-1.1	1.3

Operating margin shows the operating profitability through the relationship of operating profit/loss to net sales.

	2022-09-30	2021-09-30	2021-12-31
NET DEBT, MSEK			
Interest-bearing liabilities, long-term, excluding pension liabilities and lease liabilities	1 476.7	1 464.0	1 467.2
Interest-bearing liabilities, short-term	134.6	0.0	0.0
Cash and cash equivalents	-155.7	-179.7	-196.3
Net debt	1 455.6	1 284.3	1 270.9

Net debt/net asset comprises interest-bearing liabilities excluding pension liabilities and lease liabilities.

DEFINITIONS/GLOSSARY

Number of employees: Number of employees, expressed as full-time equivalents, at the end of the year.

Gross margin (%): Gross profit as a percentage of net sales.

Gross profit: Net sales less cost of goods sold. *

EBITDA: Operating profit/loss before depreciation/amortization and impairment.

Financial items: Financial items is the net amount of financial income and financial expense.

Adjusted gross margin (%): Adjusted gross profit as a percentage of net sales.

Adjusted gross profit: Net sales less costs of goods sold and non-recurring items.

Adjusted EBITA: Operating profit/loss before amortization of acquisition-related intangible assets and non-recurring items.

Adjusted EBITA margin: Adjusted EBITA as a percentage of net sales.

Adjusted EBITDA: Operating profit/loss before amortization/depreciation and impairment and nonrecurring items.

Non-recurring items: Items that are not occur yearly and are separated from usual business.

Net sales: Sales of goods and services, expressed in Swedish kronor, after deduction of VAT, discounts and estimated number of returns, plus handling fees. *

Net debt/net asset: Interest-bearing liabilities (excluding pension liabilities and lease liabilities) less cash and cashequivalents and interest-bearing assets at the end of the period.

Organic growth, net sales: Increase or decrease in net sales in comparable currencies compared to the comparison period adjusted for acquired or disposed operations.

Operating profit/loss: Profit/loss before net financial income/expense and tax.

Operating margin: Operating profit/loss as a percentage of net sales.

* Definition according to IFRS



ASSURANCE OM TRUE AND FAIR VIEW

This Interim Report has not been reviewed by the Company's auditors.

The Board of Directors hereby confirms that the Interim Report gives a true and fair view of the activities, financial position and financial performance of the Parent Company and of the group, and that it describes the material risks and uncertainties facing the Parent Company and the companies included in the group.

Borås 16 November 2022

The Board of Directors

FUTURE REPORTINGS AND EVENTS

Interim report fourth quarter 2022	23 February 2023
Annual report 2023	5 April 2023
Interim report first quarter 2023	11 May 2023
Annual general meeting	17 May 2023

The interim report will be published and available at Ellos Groups website, www.ellogroup.com. 16 November 2022.

FOR FURTHER INFORMATION

CFO: Johan Stigson
Tel. +46 (0)33 16 08 05

This is information that Ellos Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation.
The information was submitted for publication, through the agency of the contact person set out above,
at 08.00 CEST on November 16, 2022

ABOUT ELLOS GROUP

The Ellos Group, which includes Ellos, Jotex and Homeroom, is the Nordic region's leading ecommerce 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 and in selected markets in Europe.

www.ellosgroup.com

