

ELLOS GROUP

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

Press release, Borås 23 February 2023

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

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

THE FOURTH QUARTER 2022

- Net sales decreased by 1.9 % to SEK 1 038.9 (1 059.3) million. Organically, net sales was unchanged.
- The gross margin decreased to 49.1 (50.6) %.
- Adjusted EBITA amounted to SEK 26.5 (38.9) million. The adjusted EBITA margin stood at 2.5 (3.7) %.
- The operating profit/loss amounted to SEK -11.6 (10.4) million. The operating margin was -1.1 (1.0) %.
- Cash flow from operating activities amounted to SEK 68.6 (43.5) million.
- Cash and cash equivalents amounted to SEK 157.5 (196.3) million.

FULL YEAR 2022

- Net sales increased by 0.6 % to SEK 3 611.7 (3 589.1) million. Organically, net sales was unchanged.
- The gross margin decreased to 50.3 (51.4) %.
- Adjusted EBITA amounted to SEK 80.1 (161.4) million. The adjusted EBITA margin stood at 2.2 (4.5) %.
- The operating profit/loss amounted to SEK -40.3 (43.6) million. The operating margin was -1.1 (1.2) %.
- Cash flow from operating activities amounted to SEK -18.9 (-16.3) million.
- Cash and cash equivalents amounted to SEK 157.5 (196.3) million.

Comment from the CEO of Ellos Group AB (publ)

CONTINUED HIGH SALES OF OVER SEK 1 BILLION IN THE QUARTER DESPITE GLOBAL UNCERTAINTIES

Ellos Group delivered once again sales of over SEK 1.0 billion in the year's important final quarter. Organic sales were unchanged from comparative quarter 2021, which broke records as the first quarter we achieved this high sales level.

At the same time, the period was characterised by the great uncertainties that prevailed throughout 2022 due to Russia's invasion of Ukraine and the subsequent energy crisis, rising inflation, a tough economic situation and declining customer demand. Ellos Group's success in maintaining high sales performance is a sign of strength in the face of a challenging situation.

Our sales for full-year 2022 were SEK 3.6 billion. We faced tough comparative figures during the year, so it is gratifying that sales are at the same high levels as during the Covid-19 pandemic. This is acknowledgement that our offer and the investments we made during the year are the right ones.

Our assessment is that we will continue to take market share in the Nordics and Europe. We have garnered success in Europe through the expansion of Jotex, particularly in Germany, and through Ellos Group's other collaborations and marketplaces.

We took several steps during the quarter to further improve our fashion and home furnishings offer, including launches of a party collection with influencer Emilie Tømmerberg and a holiday decoration campaign with influencer Emily Slotte. Moving forward, to continue to grow the business profitably, Ellos Group will direct even greater focus and effort to our core customer group.

The quarter's gross margin decreased 1.7 percentage points to 48.4 per cent due to a higher campaign pressure, driven by the ambition to improve the inventory position in combination with a weaker market.

As we entered 2022 one of our focus areas was to improve our cost efficiency, particularly with respect to marketing costs. I can confirm that we had a positive performance during the year across our entire business, which is why sales costs are down 0.1 percentage points in relation to net sales, in spite of a significant increase in distribution costs due to cost inflation. Our cost focus will remain a priority in 2023.

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Inventories decreased SEK 86m (11 per cent) during the quarter and SEK 39m (5 per cent) as compared with Q4 2021, contributing to an improved, positive cash flow from operating activities for the quarter. We consider a well-balanced inventory position to be a strength as we move into 2023.

During 2022 we sharpened our strategy to increase focus and efforts on our offer to our core customers – women in mid-life. This strategy is now being implemented across the entire business to create better conditions and increased competitiveness for us as a company. In challenging times, having

attractive, sustainable and affordable offers becomes even more important.

We are closely following the global challenges that are continuing into 2023, and we are focused on monitoring developments. In our view, the structural effect of the increasing numbers of people shopping online rather than in physical shops will continue. As a leading e-commerce player with strong home furnishing and fashion 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 23rd of February 2023 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