Annual Report

and

Consolidated Financial Statements

2022-01-01 – 2022-12-31

Ellos Group AB (publ)

559175-1325

For Translation Purposes Only

ELLOS GROUP

ellos Jotex home room

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Annual report and consolidated financial statements for Ellos Group AB (publ)

The Board of Directors and CEO of Ellos Group AB (publ), Corporate Identity Number 559175-1325, whose registered office is in Borås in Sweden, hereby present the Annual Report and consolidated financial statements for the reporting year 1 Januari 2022 - 31 December 2022.

DIRECTORS' REPORT

Ellos Group AB is a wholly owned subsidiary of Cidron e-Com S.à.r.l. based in Luxembourg

INFORMATION ON BUSINESS ACTIVITIES

The Group conducts e-commerce business on the three e-commerce sites Ellos, Jotex and Homeroom. The business, which was set up in 1947, is conducted in wholly-owned companies in Sweden, Norway, Finland and Denmark. The Parent Company Ellos Group AB (publ) is a holding company that performed administration and management services for the Group's other companies. As of october 2021, management services have been transferred to the subsidiary Ellos Group AB.

Ellos primarily offers fashion and home interiors through its own brands but also via a number of external brands. Jotex's activities focus on self-designed modern home interiors, while Homeroom is a dropship-based platform selling home interiors through the Group's own brands and a large range of external brands. The Group's activities rest on a common e-commerce platform on which the three e-commerce sites are commercially independent while simultaneously allowing the Group to benefit from economies of scale, for instance through coordinated procurement, logistics, payment solutions and customer service. The Group's head office is based in Borås, which is also where warehousing and logistics facilities that support all markets are located.

The Ellos Group offers customers various payment methods, among other things through the own brand Elpy. Through cooperation with a third party, the Group is able to offer payment solutions such as partial payment, interest free partial payment or invoicing. In addition, customers can pay through card payments and other external payment solutions.

PERFORMANCE OF THE BUSINESS AND ITS RESULTS AND FINANCIAL POSITION (GROUP)

	2022-01-01 -2022-12-31	2021-01-01 -2021-12-31	2020-01-01 -2020-12-31
Net sales	3 611 703	3 589 121	3 174 865
Gross profit/loss	1 818 399	1 843 519	1 502 437
Gross margin (%)	50.3	51.4	47.3
Operating profit/loss	-40 251	43 577	-343 368
Operating margin (%)	-1.1	1.2	-10.8
Adjusted EBITA	80 148	161 359	290 175
Adjusted EBITA-margin (%)	2.2	4.5	9.1
Profit/loss for the year	-304 520	-148 155	-493 711
Cash flow from operations	-18 875	-16 251	131 446

See Note 37 for definitions.

Net sales

Net sales for the period amounted to SEK 3 611.7 (3 589.1) million, which is an increase of 0.6 %. The organic growth, i.e. excluding currency changes and sold operations (Stayhard) were unchanged.

Gross profit - adjusted gross profit

Gross profit for the period amounted to SEK 1 818.4 (1 843.5) million which is a decrease of 25.1 million compared to last year. The gross margin decreased by 1.1 percentage points compared with the same period last year and amounted to 50.3 (51.4) procent. Increased discounts and storage costs have affected the gross margin negatively.

Operating profit

Selling expenses amounted to SEK 1 411.2 (1 406.6) million which is an increase of SEK 4.5 million compared to last year. In relation to net sales, selling expenses decrease by 0.1 percentage points. This reduction is due to a improved marketing efficiency that more than compensates for increased distribution costs as a result of the high inflation. Selling expenses also include amortization of acquisition-related intangible assets of SEK 94.6 (96.5) million.

Administrative expenses, which amounted to SEK 439.0 (417.0) million increased by SEK 22.0 million.

Other income and expenses

Other income amounted to SEK 23.7 (36.1) million and others costs to -32.2 (-12.4) MSEK. FX-related exchange rate gains and losses amounted to SEK -17.4 million compared to SEK 0.4 million last year. Other costs also include disposal of fixed assets which referred to operations in the group which previously was operated by the Stayhard brand.

Adjusted EBITA

Adjusted EBITA amounted to SEK 80.1 (161.4), million which means a a decrease of SEK 81.3 million compared to the corresponding period last year.

EBITA

EBITA amounted to SEK 54.3 (140.1) million, which is a decrease of SEK 85.8 million compared to the same period last year.

Financial income/expense

Financial income amounted to SEK 17.4 (7.9) million and financial expenses amounted to SEK -259.9 (-185.0) million. Financial income primarly included, interest income from older partial payment or invoicing receivables, previously transferred to debt collection companies. (see note 20). The financial income also includes an income from revaluation of the previous employee-owned synthetic options with SEK 7.3 (-1.2) million. (see additional information note 13)

The financial costs mainly included interest, SEK -102.4 (-104.9) million, linked to the Group's issued bond, interest for current liabilities to group companies SEK -40.7 (0) million and interest for the Group's leasing liabilities SEK -13.9 (-14.9) million.
In addition, an exchange rate loss for revaluation of the liabilities to group companies, which are in EUR, is included at the exchange rate on the balance sheet date SEK -52.8 (-) milion.

Financial items amounted to SEK -242.5 (-177.1) million.

Tax

The Group's tax for the period amounted to SEK -21.7 (-14.7) million and refers to current and deferred tax. The current tax for the year 2022 has been affected by tax for the tax year 2020 with SEK -20.5 million regarding a re-examination made by The Swedish Tax Agency (see significant events during the financial year).

Profit/loss for the year

Loss for the year amounted to SEK -304.5 (-148.2) million.

Cash flow and financial position

Cash flow from operating activities amounted to SEK -18.9 (-16.3) million. A negative impact of SEK -3.8 (-99.1) million came from changes in working capital and cash flow from operating activities had a negative impact of SEK 15.0 (82.8) million. Cash flow from operating activities included interest payments of SEK 108.9 (102.4) million regarding the Group's bond loan.

Cash flow from investing activities amounted to SEK -38.3 (-58.1) million and mainly referred to investments in the Group's development projects.

Cash flow from financing activities amounted to SEK 18.4 (-50.1) million and mainly related to amortization of the Group's leasing debt SEK -59.8 (-53.5) million, payment of warrants, SEK -14.6 (-) million and changes in the groups revolving credit facility, SEK 89.5 (-) million.

Cash flow for the period amounted to SEK -38.8 (-124.5) million.

The Group has a good financial position through cash and the revolving credit that the Group has with banks. The credit amounted to SEK 350 (350) million and on the balance sheet date the credit space was used with SEK 89.5 (-) million as well as for guarantees provided by the bank amounting to SEK 146.5 (155.2) million. The Group's net debt (see definition note 37) amounted to SEK 1,411.9 (1,270.9) million and includes the Group's bond with a nominal value of SEK 1,500 million.

Cash and cash equivalents on the balance sheet date amounted to SEK 157.5 (196.3) million.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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 on 19 October 2021, the Swedish Tax Agency announced that Ellos AB was denied deductions for these costs and the company was taxed with SEK 20.5 million and a tax surcharge of SEK 14.5 million. The company appealed the Tax Agency's decision, but the Tax Agency maintained its position in a reconsideration decision on 21 February 2023. The tax has been paid pending a decision regarding the appeal, while the company has been granted a respite to pay the tax surcharge. The company will appeal the Tax Agency's decision both in terms of the substantive issue and the tax supplement.

On March 29, the Group announced that the Stayhard brand will be phased out and 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.

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 June 30, 2022, Nordic Capital became the new owner of Ellos Group AB. On 23 February 2022, the Group announced in a press release that Nordic Capital, as the former owner of Ellos Group and the largest creditor in the Belgian parent company, as a consequence of the insolvency proceedings in Belgium, has begun a process to regain ownership of the FNG Nordic AB (publ) and its subsidiaries within Ellos Group to create the best possible conditions and future opportunities for the group.
A change of ownership is conditional on the approval of the authorities. As previously communicated, the existing financing is maintained as the bondholders in Ellos Group already approved a change to the terms of Ellos Group's bond loan which enabled the change of ownership. On 18 February 2022 the changes were approved by the bondholders. The written procedure is not expected to affect the Company other than that it will enable the Company's existing financing to remain in the event of a change of control as set out above.

Hans Ohlsson took over as CEO on 31 March 2022. He replaced Alain Hellebaut. Hans Ohlsson has previously been CEO of the companies in Ellos Group.

Ellos Group AB (publ) has on 17 February been informed that the company's former parent company is initiating insolvency proceedings in Belgium. Ellos Group AB (publ) and its subsidiaries are not part of the parent company's insolvency proceedings but continue their operations as before. The Company and its subsidiaries are independent of the parent company and are not dependent on the parent company to conduct their business.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

For significant events after the end of the financial year please see note 38.

RISKS AND UNCERTAINTIES IN OPERATIONS

The group is exposed to risks that can affect operations and results. It is constantly going on, in the day-to-day operations, onework to identify, assess and evaluate risks that can will occur. The group works proactively to reduce the risks. Most risk areas can be handled internally routines while others are controlled by external factors. Main operational risks related to the group or industry which have been identified and which are deemed to have a significant the impact on the group is reported below. The financial risks is dealt with in note 4.

Competition

The market for the sale of durable goods such as clothing and home furnishing products online is highly competitive from both local and international players with origins in both e-commerce and other retail. A major player can establish itself, which can lead to major changes in market conditions. Increased competition can mean that the group's market share decreases and that the group's profit margins fall. The group has a mix of internal and external brands, which is an advantage from a competitive point of view, and the group has a constant focus on strengthened and improved customer satisfaction.

Fashion trends and consumer preferences

The Group's success is based on its ability to identify and adapt to changing fashion trends and customer preferences, and to produce new and attractive products at the right time, especially with regard to sales of clothing. If the Group misjudges consumer trends or is unable to sell existing products, this could lead to surplus inventories of certain products, price reductions (leading to lower margins/reduced profit) and missed sales opportunities for other products. The Group's buyers and designers monitor and analyse the market and market trends on a continuous basis in order to be able to quickly predict customers' future buying patterns and adapt the Group's purchasing accordingly.

Weather and seasonal variations

Sales of clothing, in particular, are affected by changes in the weather. Unusual weather, particularly as the seasons change, for instance when summer turns into autumn, can adversely affect demand and the profitability of the Group's products. The Group has two large product groups, clothing and home interiors, which to some extent differ from each other in terms of dependence on the weather and seasons, which could offer an opportunity to compensate for loss of sales in one area with stronger sales in another area.

Economic situation

Changes in the economy and other macro-economics conditions in the countries the group appears to affect the business and the result by changing the customers' consumption patterns and general willingness to buy. The previous the pandemic and the war going on in Ukraine are two events that had a major impact on customers' behavior and purchasing patterns. The high inflation with increased costs for e.g. electricity, fuel, interest rates and food affect customers' purchasing power. The group reviewstheir business in order to maintain and increase their market shares while improving customer satisfaction.

Import Restrictions and other conditions when purchasing goods

The group uses external suppliers for goods purchases, mainly from Asia, and is thus exposed to changes and any import restrictions in these countries. This can affect the purchase prices and the supply of goods. Because the group has suppliers in many different countries, the risk is mitigated to some extent.

Marketing

The group needs to closely monitor and evaluate efficiency in the various marketing channels used. The group is dependence on external actors in their market activities and that there is a risk that the cost of using different channels will not be met up to the efficiency desired by the group.

Payment solutions that include credit and consumer finance

The Group offers payment solutions that involve offering customers credit when buying Ellos and Jotex products and consumer finance, which is offered in cooperation with Resurs Bank AB. Within the framework of its operations, the Group is indirectly exposed to risks associated with granting of credit. See Note 4 for further information.

Data integrity and control over digital infrastructure

The Group's operations as an e-commerce operator are highly dependent on secure IT and control systems. The e-commerce platform and IT systems used by the Group are continuously updated to match market requirements and to maintain satisfactory security in the company's digital structure. The Group is highly dependent on the security and functional performance of the e-commerce platform, which means that the Group's IT systems are closely monitored to safeguard operation and detect any interference.

Financial risk

The group needs a certain amount of liquidity in order to continue conduct their business according to set goals. The liquidity which is available are partly cash and partly the credits that the group has. There is a risk that the group does not have a sufficient large liquidity reserve to cover future needs. The risk is reduced through clear liquidity planning. For further information see note 4.

Compliance with regulations

Risk that the group does not follow the various rules that need to applied to the business conducted such as GDPR, different permits, etc. The group is actively working on implementation routines that must ensure compliance with the regulations that manages the business and has employed specialists with relevant competence to ensure implementation and follow-up of internal procedures and at the same time minimize this risk.

Sustainability Report

This Sustainability Report covers the full year 2022 for Ellos Group AB (Ellos Group).

Ellos Group's business model

Ellos Group is a leading e-commerce group in the Nordic region, comprising the e-commerce sites Ellos, Jotex and Homeroom. Ellos is a women's online fashion store, Jotex is an online home interiors expert and Homeroom is a platform that brings together home interiors in the Nordic market. For information on all legal entities included in the Group, see Note 19.

The textile industry, which is the sector Ellos Group operates in, faces major challenges linked to sustainability. The textile industry is a large consumer of natural resources such as water and oil, and the production processes use a lot of chemicals. There is also a risk that these industries contribute to a less sustainable pattern of consumption, characterised by throwaway fast fashion. The social issues are also significant, with complex supply chains and production in countries where there is a risk of poor working conditions and shortcomings in protection of human rights.

Ellos Group takes responsibility in these matters and aims to do so through conscious choices in terms of materials and production processes. The company works systematically and in close cooperation with its suppliers in order to facilitate and uphold good working conditions, human rights and environmental considerations in the supply chain. Ellos Group aims to offer high fashion of a high quality that customers can use for a long time, and encourages customers to reuse or recycle clothes, textiles and furniture that they no longer need.

Design and purchasing

Around two-thirds of the product ranges on Ellos Group's e-commerce sites consist of the company's own brands while one-third comprises external brands. Our own brands are developed and designed by Ellos Group's design and purchasing departments.

Sustainability work starts in the design stage. In the design and purchasing process, many decisions are taken that affect the consequences the company's operations have for people and the environment. The choice of materials and production technologies is important. If, for instance, the Group chooses to use GOTS certified cotton Initiative instead of conventionally cultivated cotton, this has an impact on both environmental and social issues in the supply chain through sustainable production processes and better control of working conditions in the value chain.

Ellos Group carries out work to identify the risks of various chemicals and minimise the use of hazardous chemicals which may present a risk to people or the environment. Ellos Group applies its own restrictions, which are more far-reaching than statutory requirements. In cases where legal requirements between countries differ, Ellos Group generally applies the strictest requirements. Ellos Group joined the PFAS movement in 2021, and works to reduce the use of highly fluorinated substances in its own products and external brands in the range.

The company has started to take a more focused approach to its work on climate impact already in the design and purchasing processes by participating in STICA (Swedish Textile Initiative for Climate Action) , and since 2020 reports its full climate footprint in Scope 1, Scope 2 and Scope 3. The group also works actively with recycling and reuse og materials, which also starts with design and purchasing. This takes place through increased purchases of recycled materials as replacements for newly produced materials, design solutions that facilitate recycling and by offering vintage products in the range.

Production

The Group has no factories of its own and cooperates with suppliers and agents. In 2022, Ellos Group had suppliers primarily in Asia, with the largest volumes produced in China, India and Bangladesh. The group is aware that production may have a large social and environmental impact on the operations of suppliers and sub-suppliers and works actively to exercise due diligence regarding human rights and environmental protection with our suppliers.

Ellos Group requires all suppliers to safeguard good working conditions and uphold human rights for the people working on production of the company's products. In 2022, Ellos Group became a member of BSCI Amfori, as a step to improve the company's follow-up and improvement of factories.

Ellos Group checks and follows up that suppliers comply with the set requirements through systematic social assessment of suppliers. A Code of Conduct is applied that is based on the French standard ICS (Initiative Clause Social), which is the French equivalent of programmes such as BSCI (Business Social Compliance Initiative). Since 1999, Ellos Group requires all new suppliers to sign the company's Code of Conduct, which among other things contains clear requirements regarding working conditions. The Code of Conduct includes standpoints on child labour, forced labour, discrimination, freedom of association, wages and benefits, the environment, health and safety. The Group's primary procurement agent, Kering Global Sourcing (KGS), carries out regular audits and inspections. For goods purchased through other suppliers, the company uses Bureau Veritas, which carries out audits and inspections of a majority of suppliers. Ellos Group may also approve suppliers' existing audit protocols.

Important environmental issues such as consumption and cleaning of water and the use and presence of dangerous chemicals are checked through random testing of suppliers. Preventive work is carried out to minimise the proportion of goods that must be destroyed because they do not meet Ellos Group's quality or safety requirements. This is implemented through systematic quality work and a detailed Supplier manual. Ellos Group aims to build long-term relationships with its suppliers and to work with them to ensure that they comply with the company's social and environmental requirements. Regular audits and plans of action are used to follow up and constantly improve the social and environmental impact of production of the company's products.

Transportation
Transportation of the groups products from suppliers to Ellos Group in Borås primarily involves sea freight (over 95% of volumes), with road freight used for shorter distances. Use of air freight is rare and stood alone for 0.43% of the company's incoming transport in 2022, measured as a share of the total number of tonne km. The climate impact from the Group's transports has decreased sharply compared to 2021 (-40%) but also compared to 2020 (-8%). This is due to a reduced number of goods that have been shipped from suppliers to Ellos Group's warehouse, but also to the fact that emissions from customer transport have decreased. Transport to Ellos Group's customers takes place primarily by truck from the warehouse in Viared. All transport is handled by external logistics companies. The most important sustainability issues in terms of transport are climate impact and working conditions for drivers. The goal is for all transport to the customer to take place with fossil-free deliveries by 2030. Ellos Group cooperates with logistics suppliers to optimise product flows and understand how the negative environmental impact of transportation can be minimised. It is also important that the quality of goods is maintained and products do not incur moisture damage or breakage during transportation. Since 2019, Ellos Group has been compensating for climate emissions caused by transports from our warehouse to the customer, return transport and climate impact in our own operations (Scope 1 and 2)..

Own operations
Ellos Group's own operations are based in Borås and include the head office, including design and purchasing departments, photography studios, central warehouses and logistics centres for all three e-commerce sites. At year-end, Ellos Group had a total of 602 employees.
Key environmental issues in the company's own operations are energy, emissions and waste management. As employer, Ellos Group has a big responsibility with regard to working conditions, occupational health and safety and employee satisfaction. Gender equality and diversity are important to Ellos Group, to harness differences and thus enable the company to better represent its customer base and be a more attractive employer.

Customers
Ellos Group's e-commerce sites had 2.3 million shopping customers in 2022 and delivered 5.9 million packages to customers in Sweden, Finland, Norway, Denmark, Germany, Netherlands, Austria and Poland.
Ellos Group's customers have a major influence on sustainability issues through the way in which they look after the products, how long they hold on to them, and whether they choose to reuse or recycle the products when they no longer want to keep them. The company is encouraging sustainable behaviour among customers by providing clear washing instructions, guidance on how to care for products to make them last longer and by promoting reuse and recycling.

Return handling
Returns are an important issue for Ellos Group and we work continuously to streamline return handling throughout the value chain. Ellos Group handles returns in Sweden, the Baltic countries and Poland, and we have since long handled the majority of returns that customers make in Poland.

Returns from Ellos customers in Sweden, Norway and Denmark are sent to a center in Poland where they are reviewed, repackaged and sent back to our warehouse in Borås. For our Finnish customers, the returns are sent to Estonia. All heavy goods, e.g. furniture and carpets, we handle in Sweden, at Ellos Group's warehouse in Borås and these returns do not go through any partners.

Returns and transport in general are an important sustainability issue for Ellos Group. Among other things, we have chosen not to offer free returns except in exceptional cases and in certain markets. As of 2019, we are climate-compensating all our transports. In addition to this, we work actively to minimize our environmental impact together with our distribution partners. We also have a goal of having completely carbon dioxide-neutral transport to customers by 2025 at the latest.

Ellos Group discards a very small percentage, only about 0.5%, of returned goods in fashion. Within the home, the figure is about 4.0%, as hard home products have a greater risk of being damaged during transport. Our products that are returned are routinely entered as new sales in our e-commerce or to our outlet store. For several years, we also have a collaboration with an established charity organization where we donate defective and broken products that for various reasons could not go on sale with us. The products that are discarded are left for recycling and are only goods that are so broken that they cannot be resold.

Community
Community engagement is important to Ellos Group, which wants to contribute to the community in which it operates by being an active citizen in the community and supporting relevant social issues and initiatives. Gender equality, diversity and integration are important issues. The Group wants to offer the same opportunities to all employees, irrespective of gender or other differences. Ellos Group seeks to achieve gender balance at various levels of the company and an organisation that reflects society and the Group's customers in respect of other differences such as ethnic background.

Entire value chain
Anti-corruption is an issue that is relevant at all stages of the value chain. Ellos Group must ensure good business practice and combat corruption in all meetings with suppliers, customers and other business partners.

MATERIAL SUSTAINABILITY ISSUES
Ellos Group's sustainability work focuses on matters the company has identified as material issues. In 2020, the company implemented a new stakeholder dialogue and materiality analysis which involved around 600 people, in order to obtain an up-to-date picture of the kind of issues stakeholders rate as top priority and the kind of expectations stakeholders - customers, employees, society, suppliers and owners - have of Ellos Group. The sustainability issues and risks that exist in Ellos Group's value chain have been evaluated on the basis of how important they are to stakeholders and the extent of Ellos Group's impact on each of these issues. Through this process we identified five key focus issues: sustainable materials, social assessment of suppliers, chemicals, packaging and logistics solutions for customers. The Group has prioritised working on these issues since they were identified.

Key performance indicators	2022	2021	2020	2019	2018
Sustainable materials					
Sustainable cotton, proportion of total cotton	96%	95%	90%	87%	81%
Share of recycled polyester and polyamide	39%	20%	10%	1%	-
PShare of FSC-certified wooden furniture	15%	13%	2%	-	-
Share of sustainable products as a share of textile sales	44%	35%	29%	19%	14%
Suppliers					
Compliance with Ellos Group's Code of Conduct for suppliers					
Proportion of suppliers with approved audit protocols	96%	100%	100%	98%	98%
Environment					
Energy consumption, MWh	11 688	12 200	11 860	10 977	10 575
Proportion of renewable energy	100%	100%	100%	100%	100%
Greenhouse gases, tonnes CO2	73 624	100 645	64 412	6 986	6 163
Scope1	25	73	9	163	59
Scope 2	228	220	224	247	243
Scope 3*	73 372	100 352	64 179	6 576	5 861
Tons of CO2e per kSEK sales	0,020	0,028	0,020	-	-
Recycled waste in offices and warehouses	82%	98%	93%	88%	88%

**Including external brands from the year 2020*

Gender equality					
The gender ratio in 2022 in Ellos Group was 63% women and 37% men					
All managers women/men	50%/50%	48%/52%	48%/52%	48%/52%	43%/57%
Senior executives women/men	35%/65%	36%/64%	36%/64%	42%/58%	33%/67%

INFORMATION ABOUT SUSTAINABILITY REPORTING

In addition to this Sustainability Report, which forms part of the Directors' Report, since 2015 the company produces an in-depth sustainability report on an annual basis in compliance with GRI standards, which is available in PDF format on the Ellos Group website, www.ellosgroup.com

ELLOS GROUP AND THE GREEN TAXONOMY

Taxonomy Regulation (EU) 2020/852, adopted in June 2020 and constitutes a framework regulation to facilitate sustainable investment. Ellos Group is covered by the taxonomy and must provide information on the proportion of economic activities that are covered by the taxonomy, and are not covered by the taxonomy, in their total turnover and their total capital and operating expenses.

Initially, the taxonomy's technical review criteria cover the following sectors: Forestry, Environmental protection and restoration measures, Manufacturing, Energy, Water supply; sewage treatment, waste management and remediation, Transport, Construction and real estate activities, Information and communication activities, Activities in law, economics, science and technology, Finance and insurance activities, Education, Care and nursing; social services and Culture, entertainment and leisure.

Ellos Group has investigated whether the group are covered by the taxonomy, and has concluded that the operations are not included in any of these sectors, and therefore has no share of the operations covered by the taxonomy to report on.

SUSTAINABILITY AREAS – POLICIES, RISKS AND MANAGEMENT

General policy

Ellos Group's Code of Conduct is an ethical framework that contains a number of policies and associated guidelines.

The framework comprises three main areas: anti-corruption and business ethics, labour standards and human rights, and environment. All policies are easily accessible to all employees on the company's intranet. In addition, a summary of Ellos Group's Code of Conduct is provided in a separate document that clearly and simply communicates the groups Code of Conduct to its employees.

Policy outcome: Clarity provided for all employees regarding requirements, expectations and decisions and on the process for reporting irregularities via an external whistleblower system.

Environment

Ellos Group has an impact on the environment at several stages of the supply chain, partly through its own operations, which are centralised in Borås, but especially via purchasing from suppliers, primarily in Asia. For these different areas, the following is in place:

Environmental policy, for the operations in Borås. This aims to minimise the environmental impact of the Group's operations, for example through active work on recycling and energy-saving measures.

Policy outcome: The Environmental policy clarifies what is expected of the groups employees and how staff can contribute to reducing the groups negative environmental impact by making better choices in their day-to-day work.

Ellos Group Supplier manual, for supplier operations. This includes statutory requirements, information on materials that are not accepted in the company's product range, quality and safety requirements, chemical restrictions, requirements regarding product testing and packaging instructions to protect the products during transportation.

Outcome of implementation of Ellos Group's Supplier manual: This regulates many issues between Ellos Group as buyer and its suppliers, it clarifies Ellos Group's requirements and expectations. It has resulted in better communication with suppliers and improved compliance with Ellos Group's environmental and quality requirements. The fact that the group has taken a clear stance in issues relating to material choices, for instance, means that we are able to accommodate customer's questions and requests.

Environmental risks and management of these risks

Own operations:

Environmental risks in our own operations include energy consumption, greenhouse gas emissions and waste management. The company's environmental policy contains guidelines on how to manage these risks.

Management of these risks primarily involves monitoring and annual measurement of energy consumption, CO2 emissions and recycling of waste. The company has a an ambition to reduce both energy consumption and emissions, and through measurement and monitoring the Group is continuously working on finding and implementing improvements. For example, since measurements began, the Group has made the transition to 100% renewable energy for its own operations, resulting in a reduction in CO2 emissions.

Suppliers:

Production of Ellos Group's products, which is carried out by the company's suppliers, contains many environmental risks. Important risks include consumption of water and oil, use of dangerous chemicals, emissions into air and water, energy, emissions of greenhouse gases and destruction of products that do not meet quality and safety requirements or which have been damaged by moisture during transportation.

Ellos Group manages these risks through several steps in the value chain, primarily by specifying requirements such as chemical controls, environmental requirements and quality requirements in Ellos Group's Supplier manual. Every year, suppliers must sign a certificate of compliance with the company's Supplier manual. Ellos Group also requires its suppliers to maintain an audit protocol to ensure compliance with Ellos Group's Code of Conduct for suppliers.

Ellos Group har identified material choices that have a less negative environmental impact, such as cotton through Better Cotton Initiative, (BCI), which involves less consumption and better management of water and chemicals. In 2015, the Group joined the Better Cotton Initiative (BCI) in order to support more sustainable cotton production. Goals have been set to increase the proportion of more sustainable material choices. The proportion of organic and BCI cotton is measured and followed up, and increased from 95% in 2021 to 96% in 2022. Through membership of STICA and the Swedish Chemicals Group Swerea, Ellos Group aims to contribute to reduced climate impact and management of water and chemicals in the supply chain. The Group is also working to protect animal rights in the process chain and, for example, does not permit hygiene products tested on animals and there is no real fur in the Group's product range.

The Group works proactively to reduce and counteract harmful chemicals in products. Ellos Group adheres to legal requirements and is at the forefront of efforts to phase out chemicals that are classified as hazardous to humans and the environment.

Only a very small proportion of the company's products are not offered for sale. Where this happens, in the first instance textiles and products are offered to non-profit organisations and charities, allowing products to have a useful life. Only for products that are not safe to put on the market based on quality, Ellos Group may as a last resort ensure that products are destroyed, usually via incineration. In order to minimise the risk of products having to be destroyed, we cooperate with suppliers through training, requirement specifications and information. For example, there is a separate chapter in Ellos Group's Supplier manual that shows how suppliers can proactively avoid moisture damage during production and delivery.

PERSONNEL AND SOCIAL CONDITIONS – ELLOS GROUP'S OWN OPERATIONS

Ellos Group has a number of policies that cover the company's responsibility as employer and its own staff, including Employee Handbook, Equality Policy, Diversity Policy, Anti-discrimination and Anti-harassment Policy and Whistleblower Policy.

Policy outcome: The Group's policies for personnel and social conditions ensure employees in Ellos Group are aware of their rights and responsibilities as employees of the Group, what is expected of the Group, what is expected of staff and what they can expect of the company and colleagues, which behaviours are not acceptable and how to report any irregularities.

Risks and management of risks

There are several risks and opportunities linked to personnel and social conditions in the company. Ellos Group aims to create an attractive workplace where employees thrive and develop, and is continuously working to create the appropriate conditions for this. The Group has collective agreements in place and conducts regular employee engagement surveys, and the results of these are followed up at departmental level to try to find opportunities for improvement.

Gender equality and diversity are important to Ellos Group and these issues are associated with the risk that the company does not offer the same opportunities to all staff irrespective of gender or other differences. The company seeks to achieve gender balance at various levels of the company and an organisation that reflects our community and the Group's customers in respect of other differences such as ethnic background. The company is actively working on identifying and supporting female employees with potential to be developed for senior positions. Many people in senior positions have also completed inclusive leadership training. At the end of 2022, the proportion of female staff in the company was 63% (63), in the senior management team 35% (36) and in the Board of Directors 0% (0).

There is a risk of discrimination and harassment as a result of gender, transgender identity or expression, ethnic group, religion or other belief, disability, sexual orientation or age. Ellos Group condemns all forms of discrimination and harassment and does not tolerate such behaviour in the workplace. The company's Anti-discrimination and Anti-harassment policies list several alternative reporting channels and plans of action, should an employee be subjected to such behaviours.

Another important area is employees' working environment, health and risks. Matters associated with this area include occupational accidents and injury and sickness absence. Ellos Group works systematically to safeguard employees' health and safety in the workplace. The company together with the occupational health and safety representative conduct regular workplace inspections which look at the physical and psychosocial working environment. The group measures and follows up sickness absence and occupational injuries, which enables it to identify areas of risk and opportunities for improvement. We also carry out substantial preventive work, for instance through a health survey for all staff and a wide range of wellness activities.

Change work during the year

In 2022, Ellos Group sharpened its strategy for the group. Ellos Group will focus on growing the main business and make bigger investments in the group's core customer - the woman in midlife. As a result of this, a strategic decision was made in 2022 to close the fashion store Stayhard, which is aimed at a significantly different target group. Stayhard has been owned by Ellos Group since 2014 and had 23 employees whose roles were wound up as a result of the sale. During the year, the store in Kristianstad was also closed down, which affected 6 roles. Investments have instead been made in other areas linked to the new strategy.

Increasingly attractive employer

Ellos Group works actively to be an attractive employer for its employees. In 2022, the result of eNPS was 18 (31). The result was lower than the company's highest rating of 31 in 2021, but higher than in previous years. Going forward, the group will measure eNPS four times a year and work actively with employer branding.

In recent years, Ellos Group has become an increasingly attractive employer in Universum's survey among students and young professionals. Since 2015, the Group has increased its positions year by year from place 102 for 2015 to place 52 for 2022 among students.

Social responsibility

Ellos Group feels a responsibility for the communities in which the company is active, especially Borås, where the Group's own operations are located. The company wants to be among the reasons that make the city an attractive place in which to live and work. As part of this, in 2022 the company sponsored the sports clubs and associations IF Elfsborg, Borås Basket and Borås Hockey. Ellos Group was particularly involved in IF Elfsborg's CSR measures, through which the Group was able to engage with people who are far from the labour market, as well as their women's football programme, known as Flickakademin. During the year, Ellos Group also sponsored the swimming club Simklubben Elfsborg and Borås gymnastik. In addition, the company was very involved in the University of Borås and the Swedish Institute for Innovative Retailing (SIIR), as well other educational institutions.
Ellos Group has also had a large and far-reaching collaboration with the Childhood Cancer Foundation for many years. In 2022, Ellos also continued its great collaboration with the Cancer Foundation and Rosa Bandet; Together against cancer. Ellos supports them by selling this year's pink ribbons and bracelets, where the revenues go directly to the Cancer Foundation's research and work.

SOCIAL CONDITIONS AND RESPECT FOR HUMAN RIGHTS – ELLOS GROUP'S SUPPLIERS

In order to ensure good social conditions and uphold human rights in suppliers and sub-suppliers, Ellos Group has a Code of Conduct for suppliers that all suppliers must sign and which requires compliance with the ILO and UN conventions and which contains requirements and positions on child labour, forced labour, discrimination, freedom of association, wages and benefits, environment, health and safety.

Policy outcome: The Code of Conduct describes Ellos Group's requirements of suppliers. Suppliers must read and sign the Code before being accepted as suppliers, which means that suppliers who do not accept the requirements cannot become suppliers to Ellos Group. Thanks to the policy and the monitoring tools applied, Ellos Group has improved transparency in the supply chain and therefore increased its control over social conditions and respect for human rights at its suppliers.

Risks and management of risks

Ellos Group purchases a large proportion of its products from suppliers in countries where social conditions and human rights contain risks, for instance risk of poor health and safety, child labour, forced labour, restrictions on freedom of association, long working hours and wages below the minimum wage. For Ellos Group it is a high priority to work to promote good social conditions and respect for human rights for the people who produce the company's products.
Ellos Group requires every new supplier to sign the company's Code of Conduct for suppliers. Supplier compliance with Ellos Group's Code of Conduct for suppliers is monitored through a structured monitoring system. Regular audits are carried out, using an audit protocol comprising more than 200 checkpoints and which includes checking documents, interviews with staff and management, and inspections of production units and facilities for staff. Since we began focusing on this issue, the Group has monitored the proportion of suppliers who have an audit protocol not older then 24 months. In 2022, 96% of all factories could present audit reports. The reason for a reduction from the previous 100% is that Ellos Group strengthened its CSR work and made a redefinition of 'Tier 1' where all production units are now included. Previously, a trader was counted as a supplier even if trades included e.g. 3 production units. Due to Covid-19 in China, not all new audits could be carried out before the turn of the year. Ellos Group remains a signatory to Accord in Bangladesh, an independent, legally binding agreement between companies and trade unions aimed at safeguarding occupational health and safety in this important market for production.

COMBATING CORRUPTION

Ellos Group has a policy for business ethics and anti-corruption and also a whistleblower policy.

Policy outcome: The policies define Ellos Group's position on what constitutes good business ethics and provide clear information on what the concept corruption involves. The policies provide clear guidelines on how employees should act in different situations, which helps employees to act correctly and recognise and react to incorrect behaviour in other operators. The whistleblower policy provides an anonymous way to report serious wrongdoing, increasing the probability that such actions can be detected and stopped.

Risks and management of risks

In all organisations there is a risk of corruption – abuse of power for private gain, which may take many different forms. Corruption may occur in Ellos Group's own organisation or among suppliers, customers and other business partners.
Ellos Group manages this risk through a clear policy that has also been communicated to all employees with examples, approaches and instructions on how to manage and report misdemeanours. An external whistleblower system can be used to report and follow up serious violations of the Code of Conduct. During 2022, no violations were reported via the whistleblower system.

Ellos Group and the EU's Taxonomy Regulation

Taxonomy Regulation (EU) 2020/852, adopted in June 2020 and constitutes a framework regulation to facilitate sustainable investments through a classification system that determines environmentally sustainable operations. The taxonomy regulation applies to large companies that covered by the directive on non-financial reporting, which Ellos Group does. Ellos Group must therefore provide information about the share economic activities that are covered by and are compatible with the taxonomy, in its total turnover and its total capital and operating expenses.

Ellos Group's retail operations

Ellos Group has analyzed its operations based on the technical review criteria for the taxonomy. Ellos Group's main economic activities are categorized as retail. Ellos Group has investigated whether these economic activities are covered by the taxonomy regulation's delegated act, and concluded that our business is not included in any of these sectors.

Turnover

Turnover is defined as the amount obtained through sales of goods and services after deduction of discounts, VAT and returns.

Capital expenses

Capital expenses includes capitalized expenditure for investments and
is calculated as the sum of investments in assets that are reported according to IAS 16 Tangible fixed assets, IAS 38 Intangible assets assets, IFRS 16 Additional rights of use.

The taxonomy regulation also includes capital expenses. Ellos Group has investments covered by the taxonomy. A few of the investments made by Ellos Group in 2022 are compatible with the taxonomy requirements and the technical review criteria. The group has replaced older lighting fixtures in logistics with LED lighting, which reduced energy consumption by more than 90% (Installation and replacement of energy-efficient light sources (7.3d)). The group has also invested in 22 new charging points for electric vehicles in the company parking lot where staff can charge their vehicles, which contributes to limiting climate change compared to fossil fuels fuels (Installation of charging stations for electric vehicles in buildings and parking spaces adjacent to buildings (7.4)). The activities allocated to limiting climate change and are compatible with the taxonomy. These investments correspond to 2.4 percent of Ellos Group's total investments in 2022.

The criteria for being taxonomy compatible is to significantly contribute to at least one environmental goal, not cause significant damage to the other five environmental goals and meet minimum protective measures. Ellos Group investment in LED lighting and installation of charging posts is considered to contribute to the environmental goal of limiting climate change through reduced energy use or to enable reduction of fossil fuels for our employees. The investments cause not significant harm to the other five environmental objectives by the business complies with laws and regulations, and it has been ensured that general criteria for the application of the principle of not causing significant damage to climate adaptation measures are met, other areas are not applicable according to the review criteria. Mini safeguards are met by Ellos Group working active in ensuring that working and employment conditions and human rights are respected through the operation. The company's code of conduct for employees and suppliers is i in accordance with international principles.

Ellos Group has also expanded the group's logistics facilities in Borås This investment is covered by the taxonomy within Acquisitions and ownership of buildings.

Operating expenses

Operating expenses include expenses associated with maintaining the value of the assets, as direct costs relating to development, building renovation, short-term leases, maintenance and repair and other costs relating to daily maintenance of access and to ensure continuity and expediency feature.

Ellos Group has not had any operating expenses that are covered by the taxonomy, and these are therefore reported as 0.

Proportion of turnover of products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2022

				Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)										
Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year N (18)	Taxonomy-aligned proportion of turnover, year N-1 (19)	Category (enabling activity or) (20)	Category '(transitional activity)' (21)
		TSEK	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0																		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Acquisition and ownership of buildings (leasing and management of own or leased properties)		0																		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0																		
Total (A.1 + A.2)		0																		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)	7.7	3 611 703	100%																	
Total (A+B)		3 611 703	100%																	

Proportion of CapEx of products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2022

				Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)										
Economic activities (1)	Code(s) (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of CapEx, year N (18)	Taxonomy-aligned proportion of CapEx, year N-1 (19)	Category (enabling activity or) (20)	Category '(transitional activity)' (21)
		TSEK	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking lots adjacent to buildings.	7.4	610	0.6%	100%						Ja	-	-	-	-	-	Ja	0.6%		M	-
Installation, maintenance, repair of energy-efficient equipment - installation and replacement of energy-efficient light sources.	7.d	2 000	1.9%	100%						Ja	-	-	-	-	-	Ja	1.9%		-	-
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		2 610	2.4%														2.4%			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Acquisition and ownership of buildings (leasing and management of own or leased properties)	7.7	69 431	64.7%																	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		69 431	64.7%																	
Total (A.1 + A.2)		72 041	67.1%																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities (B)		35 319	32.9%																	
Total (A+B)		107 360	100%																	

Proportion of OpEx of products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2022

				Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)										
Economic activities (1)	Code(s) (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of OpEx, year N (18)	Taxonomy-aligned proportion of OpEx, year N-1 (19)	Category (enabling activity or) (20)	Category '(transitional activity)' (21)
		TSEK	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0																		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0																		
Total (A.1 + A.2)		0																		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Op-Ex of Taxonomy-non-eligible activities (B)		11 563	100%																	
Total (A+B)		11 563	100%																	

Corporate Governance Statement

Ellos Group AB (publ) is a public Swedish limited company based in Borås, Sweden, and the company has a corporate bond listed on Nasdaq in Stockholm.

Ellos Group AB is wholly owned by the listed fashion group Cidron e-Com S,à.r.l. which is thereby the sole owner. The company's articles of association contain no restrictions as to how many votes a shareholder may cast at a general meeting, nor any special regulations on the appointment and dismissal of board members and amendments to the articles of association

The Annual General Meeting for 2021 was held June 30, 2022 in Borås. The Annual General Meeting has not authorized the Board of Directors to decide whether the company should issue new shares or acquire its own shares.

SYSTEM FOR INTERNAL CONTROL AND RISK MANAGEMENT IN THE FINANCIAL REPORTING

The Board's responsibility for internal management and control is regulated in the Swedish legislation (ABL and ÅRL). Ellos Group AB applies and complies with these requirements. The description included here of how the internal control is organized is limited to internal control regarding financial reporting.

Internal control for financial reporting is a central component of corporate governance in Ellos Group AB and aims to provide reasonable assurance regarding the reliability of the external financial reporting in the form of quarterly reports, annual reports and year-end reports and that financial reporting is prepared in accordance with laws and applicable accounting standards. The Board of Directors as a whole has the overall responsibility for internal control and risk management.

Ellos Group AB applies COSO's framework for internal management and control, which is the most internationally recognized framework for describing and evaluating a group's internal control structure. The COSO framework consists of five components: control environment, risk assessment, control activities, information and communication and follow-up.

The Ellos Group Group has a framework for internal governance and control.

Control Environment

The control environment forms the basis for internal control over financial reporting. An important part of the control environment is the evaluation and approach to business ethics such as how the Board of Directors, the CEO and Group management communicates and operates. Other important parts are the Group's organizational structure, leadership, decision paths, delegation of authority and responsibilities as well the expertise that the employees possess.
Important components of Ellos Group AB's control environment are also reflected in the policies and instructions used in the Group.

Examples of such documents are:

- Rules of procedure for the Board of Directors
- Authorization manual
- CEO instruction
- Instructions for financial reporting
- Finance Policy
- Finance Handbook

The internal control documents are updated as needed.

Risk assessment

Risk assessment aims to identify risks of material misstatements in Ellos Group AB's financial reporting and thereby provide guidance on which areas are important to control. The assessment of risks in relation to financial reporting is carried out at least once a year.

The CFO is responsible for coordinating the activities in connection with the risk assessment and presenting the results to the Board.

Control Activities

Control activities are designed to manage the material risks identified in the risk assessment. Ellos Group AB has established an internal control framework in which important control activities and key controls related to financial reporting are compiled. The internal control framework encompasses a number of key business processes such as:

- Sales process
- Purchasing process
- Stock process
- The salary process
- Closing process
- IT process

Information and communication

Both the internal information within Ellos Group AB and the external communication are governed on an overall level by the Group's guidelines for information disclosure. Group management is responsible for informing the employees concerned about their responsibility for maintaining good internal control, in order to ensure effective and accurate disclosure of the financial reporting. This is done, among other things, through regular information meetings in each business area. Adopted policies, guidelines, manuals and instructions are made available to employees via Ellos Group AB's intranet.
The Group's finance function is responsible for the external disclosure of financial reporting.

Follow-up

Follow-up of internal control is carried out annually at Ellos Group AB.

The procedure for follow-up is determined based on the assessed risk level and the nature of the risk.

Any noted deviations and established action plans are communicated and any action plans are monitored continuously.

THE PARENT COMPANY

The parent company owns and manages shares in the subsidiaries.

Anticipated future performance

Ellos Group looks positively on the future despite war in Europe and recession. The group has succeeded maintain the higher net sales that developed during the pandemic and sees continued growth going forward. At the same time costs for the group need to be relatively reduced to achieve a positive net result. To achieve growth with a satisfactory result has a more focused strategy designed with the woman in my life in mind. Ellos Group has one assortment that contains both fashion and home with products in different price ranges, which can be favorable when the outside world is worried.

Proposed appropriation of profits

The following profits (SEK) are at the disposal of the Annual General Meeting

Retained earnings	678 577 400
Profit/loss for the year	-208 693 716
	469 883 684

The Board of Directors proposes that profits be appropriated as follows

carried forward	469 883 684
	469 883 684

With regard to the results and financial position of the Parent Company and the Group in other respects, reference is made to the accompanying financial statements. All amounts are shown in thousand Swedish krona unless otherwise stated.

Consolidated income statement

Amount in SEK thousands	Note	2022-01-01 -2022-12-31	2021-01-01 -2021-12-31
Net sales	5	3 611 703	3 589 121
Cost of goods sold		-1 793 304	-1 745 602
Gross profit/loss		**1 818 399**	**1 843 519**
Selling expenses		-1 411 142	-1 406 615
Administrative expenses		-438 952	-417 004
Other income	6	23 663	36 129
Other costs	7	-32 219	-12 452
Operating profit/loss	8,9, 10, 11,12	**-40 251**	**43 577**
Financial income/expense			
Financial income	13	17 398	7 935
Financial expense	13	-259 931	-185 004
Total financial income/expense		**-242 533**	**-177 069**
Profit/loss before tax		**-282 784**	**-133 492**
Income tax	14	-21 736	-14 663
Profit/loss for the year		**-304 520**	**-148 155**
Attributable to:			
Parent Company's shareholders		-304 520	-148 155

Consolidated statement of comprehensive income

Amount in SEK thousands	Note	2022-01-01 -2022-12-31	2021-01-01 -2021-12-31
Profit/loss for the year		-304 520	-148 155
Items not reversed in the income statement:			
Actuarial gains/losses	32	49 314	1 371
Tax effect	14	-10 159	-282
Total items not reversed in profit or loss		**39 155**	**1 089**
Items that will later be reversed in the income statement:			
Translation differences	28	-227	-22 482
Cash flow hedges - changes in value	28	37 569	55 940
Cash flow hedges reversed in profit or loss		-75 886	-822
Tax effect	14	7 893	-11 354
Total items to be reversed in profit or loss		**-30 651**	**21 282**
Total comprehensive income		**-296 016**	**-125 784**
Of which attributable to Parent Company's shareholders		-296 016	-125 784

Consolidated statement of financial position

Amount in SEK thousands	Note	2022-12-31	2021-12-31
ASSETS			
Non-current assets			
Goodwill	15	677 039	677 039
Trademarks	15	445 302	445 311
Customer relationships	15	370 417	464 992
Development expenditure	15	94 503	104 165
Right-of-use assets	9	495 754	491 015
Equipment, tools, fixtures and fittings	16	53 856	57 237
Investments in leased property	17	68 364	72 698
Construction in progress within property, plant and equipment	18	3 088	51
Non-current receivables		6 768	6 360
Deferred tax assets	31	27 563	29 826
Total non-current assets		**2 242 654**	**2 348 694**
Current assets			
Inventories	21	699 932	738 641
Returns assets	21	16 276	12 640
Accrued income	22	33 295	32 866
Trade receivables	20	62 542	43 990
Current receivables from Group companies		0	12 838
Current tax assets		53 019	83 895
Derivative instruments	4	35 467	44 515
Other current receivables	23	15 306	47 817
Prepaid expenses	24	36 423	32 260
Cash and cash equivalents	25	157 524	196 302
Total current assets		**1 109 784**	**1 245 764**
TOTAL ASSETS		**3 352 438**	**3 594 458**

Amount in SEK thousands	Note	2022-12-31	2021-12-31
EQUITY AND LIABILITIES			
Equity attributable to parent company's shareholders			
Share capital	26	500	500
Additional paid-in capital	27	683 206	679 900
Reserves	28	-41 413	-10 763
Retained earnings including the profit/loss for the year		-994 798	-729 433
Total equity		**-352 505**	**-59 796**
Non-current liabilities			
Bond issue	30	1 479 877	1 467 168
Non-current lease liability	9	431 811	432 212
Other non-current liabilities		0	42 634
Deferred tax liabilities	31	170 663	195 693
Provision for endowment insurance, pensions		8 615	0
Provisions for pensions	32,35	113 373	162 938
Total non-current liabilities		**2 204 339**	**2 300 645**
Current liabilities			
Interest-bearing liabilities	29	89 479	0
Current lease liability	9	68 674	60 883
Trade payables		341 331	421 003
Current liabilities to Group companies	3	539 697	61
Current tax liabilities		31 227	49 018
Other provisions	33	6 111	446 238
Derivatives	4	48 044	23 633
Other current liabilities		125 162	114 347
Repayment liabilities		32 197	27 181
Accrued expenses	34	218 682	211 245
Total current liabilities		**1 500 604**	**1 353 609**
Total liabilities		**3 704 943**	**3 654 254**
TOTAL EQUITY AND LIABILITIES		**3 352 438**	**3 594 458**

Consolidated statement of changes in Equity

Amount in SEK thousands	Share capital	Additional paid-in capital	Translation reserve	Hedging reserve	Retained earnings including profit/ loss for the year	Total equity
Opening balance as at 1 January 2021	**500**	**679 900**	**12 272**	**-44 317**	**-585 728**	**62 627**
Comprehensive income						
Profit/loss for the year					-148 155	-148 155
Other comprehensive income:						
Cash flow hedges- change in value				55 940		55 940
Cash flow hedges reversed in profit or loss				-822		-822
Translation differences			-22 482			-22 482
Actuarial gains and losses					1 371	1 371
Tax effect				-11 354	-282	-11 636
Total other comprehensive income, after tax			**-22 482**	**43 764**	**1 089**	**22 371**
Total comprehensive income			**-22 482**	**43 764**	**-147 066**	**-125 784**
Transactions with shareholders:						
Contribution received in connection with drawing of options (Note 36)					3 361	3 361
Dividends					0	0
Total transactions with shareholders					**3 361**	**3 361**
Closing balance as at 31 December 2021	**500**	**679 900**	**-10 210**	**-553**	**-729 433**	**-59 796**

Consolidated statement of changes in Equity

Amount in SEK thousands	Share capital	Additional paid-in capital	Translation reserve	Hedging reserve	Retained earnings including profit/ loss for the year	Total equity
Opening balance as at 1 January 2022	500	679 900	-10 210	-553	-729 433	-59 796
Comprehensive income						
Profit/loss for the year					-304 520	-304 520
Other comprehensive income:						
Cash flow hedges- change in value				37 569		37 569
Cash flow hedges reversed in profit or loss				-75 886		-75 886
Translation differences			-227			-227
Actuarial gains and losses					49 314	49 314
Tax effect				7 893	-10 159	-2 266
Total other comprehensive income, after tax			**-227**	**-30 424**	**39 155**	**8 504**
Total comprehensive income			**-227**	**-30 424**	**-265 365**	**-296 016**
Transactions with shareholders:						
Contribution received in connection with drawing of options (Note 36)		3 306				3 306
Dividends					0	0
Total transactions with shareholders		**3 306**			**0**	**3 306**
Closing balance as at 31 December 2022	500	683 206	-10 437	-30 976	-994 798	-352 505

Consolidated statement of cash flows

Amount in SEK thousands	Note	2022-01-01 -2022-12-31	2021-01-01 -2021-12-31
Cash flow from operating activities			
Operating profit		-40 251	43 577
Adjustments for non-cash items:			
Other provisions		0	0
Depreciation/amortisation and impairment	11	202 507	192 669
Interest received		10 091	7 925
Interest paid		-134 554	-119 218
Other financial items paid		-19 319	-6 870
Income tax paid		-33 478	-35 254
		-15 004	82 829
Increase/decrease in inventories		35 073	-200 025
Increase/decrease in trade receivables		-18 980	-8 562
Increase/decrease in other current receivables		37 108	-31 388
Increase/decrease in trade payables		-79 672	132 509
Increase/decrease in other current liabilities		22 600	8 386
Cash flow from operating activities		-18 875	-16 251
Investing activities			
Acquisition of subsidiaries paid purchase price in cash	19	0	-500
Acquisitions of property, plant and equipment	16,17,18	-12 454	-35 985
Acquisition of intangible assets	15	-25 475	-18 649
Acquisition of financial assets		-409	-2 993
Cash-flow from investing activities		-38 338	-58 127
Financing activities			
Payment for warrants		3 306	3 361
Payment of warrants	12	-14 588	0
Payment of lease liabilities	9	-59 778	-53 480
Change of revolving credit		89 479	0
Cash flow from financing activities		18 419	-50 119
Cash flow for the year		-38 794	-124 497
Cash and cash equivalents at beginning of year		196 302	320 683
Exchange rate difference in cash and cash equivalents		16	116
Cash and cash equivalents at end of year	25	157 524	196 302

Parent company income statement

Amount in SEK thousands	Note	2022-01-01 -2022-12-31	2021-01-01 -2021-12-31
Net sales	5	5 436	13 168
Gross profit/loss		**5 436**	**13 168**
Administrative costs	8,10,12	-5 869	-13 911
Operating profit/loss		**-433**	**-743**
Financial income/expense			
Interest income	13	15 478	12 879
Interest expense	13	-235 868	-161 620
Total financial income/expense		**-220 390**	**-148 741**
Profit/loss after net financial items		**-220 823**	**-149 484**
Year-end appropriations			
Received Group contribution		4 698	2 063
Profit/loss before tax		**-216 125**	**-147 421**
Income tax	14	7 431	-521
Profit/loss for the year		**-208 694**	**-147 942**

Parent company statement of comprehensive income

Amount in SEK thousands	Not	2022-01-01 -2022-12-31	2021-01-01 -2021-12-31
Profit/loss for the year		-208 694	-147 942
Other comprehensive income		0	0
Total other comprehensive income		**-208 694**	**-147 942**

Parent company´s balance sheet

Amounts in SEK thousand	Note	2022-12-31	2021-12-31
TILLGÅNGAR			
Non-current assets			
Financial assets			
Shares in subsidiaries	19,35	2 369 897	2 369 788
Deferred tax assets		7 431	0
Total non-current assets		**2 377 328**	**2 369 788**
Current assets			
Current receivables			
Receivables from Group companies		166 209	272 800
Current tax assets		251	81
Other current receivables		109	42
Prepaid expenses	24	1 112	452
Cash and cash equivalents	25	6 590	3 161
Total current assets		**174 271**	**276 536**
TOTAL ASSETS		**2 551 599**	**2 646 324**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	26	500	500
		500	**500**
Non-restricted equity			
Profit brought forward		678 577	823 103
Profit/loss for the year		-208 694	-147 942
Total non-restricted equity		**469 883**	**675 161**
Total equity		**470 383**	**675 661**
Non-current liabilities			
Bond issue	30,35	1 479 877	1 467 106
Other non-current liabilities		0	34 733
Total non-current liabilities		**1 479 877**	**1 501 839**
Current liabilities			
Accounts payable		416	857
Liabilities to group companies		575 143	1 894
Other provisions	33	0	446 238
Other current liabilities		0	292
Accrued expenses and deferred income	34	25 780	19 543
Total current liabilities		**601 339**	**468 824**
TOTAL EQUITY AND LIABILITIES		**2 551 599**	**2 646 324**

Parent company statement of changes in Equity

	Restricted equity	Non-restricted equity		
Amounts in SEK thousand	Share capital	Retained earnings	Profit/loss for the year	Total equity
Opening balance as at 1 January 2021	500	627 757	-504 653	123 603
Transfer of previous year´s profit/loss		-504 653	504 653	0
Comprehensive income				
Profit/loss for the year			-147 942	-147 942
Total other comprehensive income, after tax			**-147 942**	**-147 942**
Total comprehensive income			**-147 942**	**-147 943**
Transactions with shareholders				
Bonus issue		700 000		700 000
Dividends			0	0
Total transactions with shareholders	**0**	**700 000**	**0**	**700 000**
Closing balance as at 31 December 2021	**500**	**823 103**	**-147 942**	**675 661**

	Restricted equity	Non-restricted equity		
Amounts in SEK thousand	Share capital	Retained earnings	Profit/loss for the year	Total equity
Opening balance as at 1 January 2022	**500**	**823 103**	**-147 942**	**675 661**
Transfer of previous year´s profit/loss		-147 942	147 942	0
Comprehensive income				
Profit/loss for the year			-208 694	-208 694
Total other comprehensive income, after tax			**-208 694**	**-208 694**
Total comprehensive income			**-208 694**	**-208 694**
Transactions with shareholders				
Contribution received in connection with subscription of options		3 416		3 416
Dividends			0	0
Total transactions with shareholders	**0**	**3 416**	**0**	**3 416**
Closing balance as at 31 December 2022	**500**	**678 577**	**-208 694**	**470 383**

Parent company statement of cash flow

Amounts in SEK thousand	Note	2022-01-01 -2022-12-31	2021-01-01 -2021-12-31
Cash flow from operating activities			
Operating profit/loss		-433	-743
Interest received		8 170	13 193
Interest paid		-114 570	-103 287
Bank charges etc		-15 130	-1 208
Tax paid		-170	-81
		-122 133	**-92 126**
Change in trade receivables		108 501	75 256
Change in trade liabilities		26 282	-4 328
Cash flow from operating activities		**12 650**	**-21 198**
Acquisition of subsidiary		0	-500
Cash-flow from investing activities		**0**	**-500**
Financing activities			
Payment for warrants		3 306	0
Payment of warrants		-14 588	0
Group contribution received		2 062	20 025
Cash flow from financing activities		**-9 220**	**20 025**
Cash flow for the year		3 430	-1 673
Cash and cash equivalents at beginning of year		3 161	4 834
Cash and cash equivalents at end of year	25	**6 590**	**3 161**

Note 1 General information

The annual report and consolidated financial statements include the Swedish parent company Ellos Group AB (publ), corporate identity number 559175-1325 and its subsidiaries. The Group´s main operations include e-commerce under the Ellos, Jotex and Homeroom brands. The business activities are carried out in the Nordic countries in Sweden, Norway, Finland, Denmark as well as in Germany, Poland, Austria and the Netherlands in the rest of Europe. The group's products are also sold via other sales platforms to more countries in Europe.

The parent company Ellos Group AB (publ), corporate identity number 559175-1325, is a limited company registered in Sweden domiciled in Borås. The address of the head office is Ödegärdsgatan 6, 504 64 Borås.

The Parent Company of the largest group of which Ellos Group AB (publ) is a subsidiary is Cidron e-com S.à.r.l. based in Luxembourg. Nordic Capital Fund CVI indirectly owns Ellos Group AB (publ) through its holding in Cidron e-Com S.à.r.l.

The consolidated accounts for Cidron e-Com S à.r.l. are available at their head office, 7 Rue Lou Hemmer, L-1748, Findel, Grand-Duche de Luxenburg.

Note 2 Significant accounting standards

COMPLIANCE WITH STANDARDS AND LEGISLATION

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 (IFRS IC).

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.

In the consolidated financial statements, items have been measured at cost, except in the case of certain financial instruments, which are measured at fair value. The significant accounting standards applied are described below.

New or amended standards and interpretations 2022

The changes that have entered into force and that apply from 1 January 2022 have not had any significant impact on the Group's financial reports.

New or amended IFRS standards and new interpretations not yet effective

Amendments to IAS 1 - Disclosure of Accounting Principles

The amendments affect the requirements in IAS 1 regarding disclosure of accounting principles. By applying the changes, a company discloses information of significant accounting principles, instead of its material accounting principles. Further amendments to IAS 1 are to explain how a company can identify a material accounting principle. To support the changes, the IASB has also developed guidance and examples to explain and identify a significant accounting principle. Management believe that this change will have an impact on disclosure of accounting standards but have not yet evaluated these effects in their entirety. Applies from fiscal years beginning January 1, 2023 and later.

Amendment to IAS 12 - Deferred tax attributable to assets and liabilities arising in connection with an individual transaction

The amendment makes an additional exception from the previously applicable exception in the first recognition of an asset or a liability. The change means that a company shall not apply the exemption from reporting deferred tax attributable to a transaction where the same amount of deductible and taxable temporary differences arises in terms of amount, but report both deferred tax assets and tax liabilities. Such transactions also include Right-of-use assets and lease liabilities that are reported under IFRS 16. The group today reports deferred tax regarding leasing agreements that are covered by IFRS 16, and company management assesses that this change will not have a significant effect on the group's financial statements, other than disclosures. Applies from fiscal years beginning January 1, 2023 and later.

Amendments to IAS 1 - Classification of liabilities as current and non-current

The amendment to IAS 1 only affects the presentation of liabilities as current or non-current in the statement of financial position. The amendment clarifies i.a. to be based on the fact that it is only the rights that exist at the ”end of the reporting period” that should affect the classification of liabilities as short-term or long-term. The classification is not affected by expectations about when the company will use its right to postpone the settlement of a debt. Furthermore, only covenants that a company must meet during or before the reporting period should affect the classification of the corresponding liability as current or non-current. Applies from and including financial years starting 1 January 2024 and later but not yet approved by the EU.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements

The consolidated financial statements prepared in accordance with the acquisition method include the Parent Company, Ellos Group AB, and the companies in which the Parent Company, directly or indirectly, has a controlling influrence (subsidiaries). The parent company regularly makes a new assessment of whether controlling influence exists.

Subsidiaries are included in the consolidated financial statements from the date the Parent Company gains a controlling interest and until the date when it ceases to have a controlling interest in the subsidiary. This means that the income and expenses of a subsidiary acquired or disposed of during the current financial year are included in the consolidated income statement and statement of other comprehensive income from the date when the Parent Company gains the controlling interest until the date when it ceases to have the controlling interest.

All intra-Group assets and liabilities, equity, revenues and cash flows relating to transactions between companies within the Group are eliminated in full.

The accounting standards for subsidiaries have been adjusted where necessary in order to ensure consistent application of the Group's accounting standards. All intra-Group transactions, balances and unrealised gains and losses attributable to intra-Group transactions have been eliminated when preparing the consolidated financial statements.

Business combinations

Business combinations are accounted for using the acquisition method.

In business combinations, acquired assets and liabilities assumed are identified and classified at fair value at the acquisition date. If the cost of acquisition of shares in a subsidiary exceeds the calculated value of the identifiable net assets of the acquired company on the acquisition date, the difference is recognised as consolidated goodwill. If cost is lower than the final value of identifiable net assets, the difference is recognised directly in the income statement. Acquisition-related costs are recognised in the income statement as they arise.

The identifiable acquired assets and assumed liabilities and contingent assets are recognised at fair value at their acquisition date, with the following exceptions

- Deferred tax asset- or liability and liabilities or assets attributable to the acquired company's agreement on employee benefits are recognised and measured in accordance with IAS 12 Income taxes and IAS 19 Employee Benefits respectively.
- Leases in which the acquired company is the lessee are measured at the present value of outstanding lease payments with effect from the acquisition date. Right-of-use assets are measured at the same amount as the lease liability, adjusted for any non-market terms.

Contingent liabilities acquired in an acquisition of business are recognised as though they are existing obligations that derive from past events whose fair value can be measured reliably.

Goodwill

Goodwill that arises in connection with the preparation of consolidated financial statements comprises the difference between cost and the Group's share of the fair value of an acquired subsidiary's identifiable assets and liabilities on the date of acquisition. At the acquisition date, goodwill is recognised at cost and at initial recognition it is measured at cost less any accumulated impairment.

Any impairment loss is immediately recorded as an expense and is not reversible. For additional policies relating to calculation of recoverable value, see section Impairment of intangible assets.

Foreign currency

Items included in the financial statements of the Group's various entities are reported in the currency used in the primary economic environment in which each entity mainly operates (functional currency). In the consolidated financial statements, all amounts are translated to Swedish krona (SEK), which is the parent company's functional and reporting currency.

Transactions in foreign currencies in each entity are translated into the entity's functional currency at the exchange rates in force on the transaction date or on the translation date. At each balance sheet date, monetary items in foreign currency are translated at the rate at the balance sheet date. Non-monetary items that are measured at fair value in a foreign currency are translated at the exchange rate on the date when the fair value was determined. Non-monetary items that are measured at their historical cost in a foreign currency are not translated.

Exchange differences are recognised in the income statement in the period in which they arise, with the exception of derivative instruments that constitute hedging instruments and fulfil the conditions for hedge accounting of cash flows, where exchange gains and losses are recognised in other comprehensive income. Currency differences regarding operating assets and operating liabilities are reported as other income or other expense.
The currency differences attributable to goods purchases are reported as cost of goods sold.

When preparing the consolidated financial statements, foreign subsidiaries' assets and liabilities are translated to Swedish krona at the rate in force at the balance sheet date. Income and cost items are translated at the average exchange rate for the period, unless exchange rates have fluctuated significantly during the period, in which case the rate at the date of the transaction is used instead. Any translation differences arising are recognised in other comprehensive income and are transferred to the Group's translation reserve. In the case of disposal of a foreign subsidiary, such translation differences are recognised in the income statement as part of the capital gain or loss.

Goodwill and fair value adjustments arising in the case of an acquisition of a foreign business are treated as assets and liabilities in that business and are translated at the rate in force at the balance sheet date.

Segment reporting

The Group's CEO is the highest executive decision maker in the Group. Management has evaluated the group´s operations and determined reporting operating segments based on the internal reporting submitted to the CEO, which are used by the CEO to make decisions on allocation of resources and evaluation of the Group's results. The Group is one segment which is also shown in the internal report structure and this means that no separately segment reporting is presented.

NET SALES

Revenue from contracts with customers

The Group primarily generates revenue through online sales of fashion, home interiors and sport to consumers, including charges paid by customers and income generated as a result of the customer's preferred payment solution.
Charges paid by customers refer to handling fees, shipping and return fees and fees for uncollected parcels. Revenues are recognised as income when the goods have been delivered or as they are realised (return fees and fees for uncollected parcels). Customers can choose between different payment solutions. When partial payment or invoicing solutions are used, they result in the creation of trade receivables, which are sold to Resurs Bank AB at the nominal amount on a daily basis. Depending on how customers choose to settle their claims, an additional purchase consideration may subsequently arise and this is recognised in Net sales as it is realised.
Resurs Bank offers Consumer loans to the Ellos Group's customers and uses the brand Ellos in its marketing, for which it pays commission that is recognised as income from agreement with customer in Net sales. Net sales are reported on ongoing basis and dependent on the lending that Resurs Bank generates through Ellos brand.
The Group acts as an insurance intermediary, for which it receives remuneration from the various insurance companies. This remuneration is recognised as income from agreement with customer in Net sales. Sales are reported when the customer takes out insurance via Ellos Group.

The group reports revenue in accordance with IFRS 15 Revenue from customer contracts. Accounting takes place when control of the product has been transferred to the customer and when it is likely that future financial benefits will accrue to Ellos Group and when sales can be measured reliably. In the group, agreements are found in the form of orders from customers, mainly directly via the website. The reported income corresponds to the economic remuneration that Ellos Group is expected to receive with adjustment for VAT and for the obligations that Ellos Group is obliged to fulfill in accordance with the agreement with the customer, such as the right of return and discounts. When analyzing components that affect the transaction price, the following were identified in agreements between the group and its customers; fixed prices stated on the respective website as well as in purchase orders, discounts, in the event of discounts, this is stated on the purchase order and is automatically deducted from the transaction price and returns made by the customer.

The group reports an income at the time when a performance commitment is fulfilled, i.e. when delivery to the customer takes place from the group's logistics center.

All sales are subject to right of cancellation of 30 days, which means that the group needs to take that into account when reporting net sales. The calculation of Refund liability and Right of return assets items are based on the Group's experience of the past transactions and using historical returns data. A refund liability is recognised in respect of the amount refunded to the customer while a right of return asset is recognised in respect of the good that is expected to be returned from the customer. The expected profit on sales is reported as a deduction in net sales.

Gift cards

When selling gift cards, the entire amount becomes reported as a liability and is recognized as income when the gift card is used or when its validity period expires. The group writes off and reports a revenue for unused gift cards when the validity period of the gift card expires. The validity period for gift cards is three years.

Other revenue

Other revenues refers to, among other things, license revenues received from companies that use the Group's goods collections. These revenues are recognised as the counterparty's sales to end-consumers occur. Rental income from the Group's subletting of premises is also reported as other income distributed over the time the premises are leased. In addition, exchange rate gains that arise in the Group from the elimination of intra-group income and expenses as well as the revaluation of operating receivables and operating liabilities are reported.

Other costs

Primarily refers to exchange differences that arise in the Group in connection with elimination of intra-Group revenues and costs and revaluation of operating receivables and opreting liabilities. Losses on the disposal of fixed assets are also reported as other expenses.

Financial income and expenses
Financial income consists of interest income on credit with bank and older accounts receivable where interest is paid on payment.

Financial income, which comprises interest income, is reported as distributed over the term, applying the effective interest rate method. The effective interest rate is the rate that means that the present value of all future payments and receipts during the fixed-rate period will be equal to the carrying amount of the receivable.

Financial costs mainly include interest costs on credits, interest costs on leasing, bank costs and losses on financial instruments valued at fair value via the income statement.

Leases
The Group determines whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and associated lease liability for all leases where the Group is the lessee, except for short-term leases (leases classified as leases with a lease term of 12 months or less) and leases of low value (such as computer equipment or small items of office furniture). For these leases, the Group recognises lease payments as an expense on a straight-line basis over the lease term, unless another systematic method is more representative of when the economic benefits of the leased assets are used by the Group.

The lease liability is initially measured at the present value of lease payments not paid at the commencement date, discounted at the rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the lessee's incremental borrowing rate. The incremental borrowing rate is the rate that the Group would have had to pay to borrow the funds necessary to obtain right of use to an asset, for a similar term and with similar security, in a similar economic environment. In order to determine the incremental borrowing rate, the lease term has been taken into consideration.

A leasing period is determined at the time a lease is impossible to terminate or alternatively with an addition for a subsequent period, with which the agreement is very likely to be extended.

Lease payments included in measurement of the lease liability comprise:

- fixed payments (including in-substance fixed payments), after deduction of any benefits obtained in connection with entering into the lease;
- variable lease payments that depend on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- penalties for terminating the lease if the lease term reflects the lessee exercising the option to terminate the lease.

The lease liability is recognised as a separate item in the consolidated statement of financial position.
After the commencement date, the lease liability is measured by increasing the carrying amount to reflect the interest due on the lease payment (by using the effective interest rate method), and by reducing the carrying amount to reflect the lease payments paid.

The Group shall remeasure the lease liability (and make a corresponding adjustment of the right-of-use asset) if either:

- there is a change in the lease term or the assessment of the option to purchase the underlying asset changes (remeasurement done using a revised discount rate);
- lease payments change as a result of a change in an index or a rate, or if there is a change in the amounts expected to be paid under residual value guarantees (remeasurement done using the initial discount rate unless lease payments have changed because of a change in variable interest rates, in which case an update discount rate must be used);
- modification of a lease that is not recognised as a separate lease (remeasurement done using a revised discount rate).

Right-of-use assets comprise the amount of the initial measurement of the corresponding lease liability, lease payments paid on or before the commencement date and any initial direct costs. Thereafter, they are valued at acquisition value after deductions for accumulated depreciation and accumulated impairment.
The Groups right-of-use assets are depreciated over 3-12 years. If the lease transfers ownership of the underlying asset to the Group or if the cost of the right-of-use asset reflects the fact that the Group has an option to purchase, the right-of-use asset is depreciated over the period of use of the underlying asset. Depreciation must be applied from the lease commencement date.
Right-of-use assets are recognised as a separate item in the consolidated statement of financial position.
The Group applies IAS 36 to determine whether the right-of-use asset is impaired and recognises any impairment loss identified as described in the policy for "Impairment of intangible assets".
Variable lease payments that do not depend on an index or a rate is not included in the measurement of the lease liability of right-of-use asset. Such payments are recognised as an expense in profit or loss in the period in which the event or condition that triggers those payments occurs.
IFRS 16 provides for a practical solution under which non-lease components do not need to be separated from lease components, and instead leases may account for every lease component and all associated non-lease components as one single lease component. The Group has elected to use this practical solution.

Employee benefits

Payments to employees in the form of salary, bonus, paid holidays, paid sick leave, etc. as well as pensions are recognised as they are accrued.

Pensions

With regard to pensions and other post-employment benefits, these are classified as defined contribution or defined benefit pension plans.

Defined contribution plans

For defined contribution plans, the company pays fixed contributions into a separate independent legal entity and has no obligation to pay additional fees if this legal entity does not have sufficient assets to pay the remuneration to the Group's employees, for their work with the Group, for the current or previous periods. The Group's results are encumbered for costs as the benefits are accrued, which normally coincides with the moment when premiums are paid.

Defined benefit plans

For defined benefit pension plans, the cost of the pension benefits is established on the basis of the actuarial calculations according to what is referred to as the Projected Unit Credit Method. Revaluations, including actuarial gains and losses, effects of changes in the asset ceiling and the return on managed assets (excluding the interest component, which is recognised in the income statement) are recognised directly in the balance sheet as income or expenditure corresponding to the change in the statement of comprehensive income for the period in which they are incurred. Revaluations, which are recognised in other comprehensive income, affect the accumulated profit or loss and will not be reclassified to the income statement. Service costs from previous periods are recognised in the income statement in the period in which the plan is changed. The net interest rate is calculated by applying the discount rate at the beginning of the period to the defined benefit net liability or asset.

The defined benefit costs are divided into the following categories:

- Service costs (including service costs in the current period, service costs in previous periods and gains and losses relating to reductions and/or adjustments;
- Net interest cost or net interest income;
- Revaluations

The first two categories are recognised in the income statement as personnel costs (service cost) or net financial income/ expense (net interest cost). Gains and losses relating to reductions and adjustments are recognised as service costs from previous periods. Revaluations are recognised in other comprehensive income.

The defined benefit pension liability that is recognised in the balance sheet corresponds to the current excess or deficit relating to the Group's defined benefit liabilities. Any surpluses are recognised only to the extent they correspond to the present value of future repayments from each pension plan or future reductions in premium payments to the plan.

Share-related compensation

Key people are invited to participate in long-term incentive programs in Ellos Group AB (publ).
The group has an ongoing incentive program and one which was completed during the year. See additional information in Note 12.

During the year, the group has awarded a total of 63 907 warrants free of charge to employees including the CEO and other senior executives. The earnings conditions mean that the individuals annually for 3.5 years earns the right to these and where it exists a requirement for employment during the respective period.

In the past, the group has offered certain employees to sign synthetic options. These synthetic options have been closed under 2022. A synthetic option gives the holder a right to a future cash payment based on the market value of the option at the due date. For these synthetic options, the holder has paid a premium corresponding to the market value of the option at acquisition date. The received premium is initially reported as a debt, which means that it initially involved no cost for the company. The debt is continuously revalued at fair value, which is done by applying an option valuation model, taking into account the current terms, the changes in value and changes in value are reported in the year's profit.

Income tax

The tax cost in the income statement is made up of the total of current tax and deferred tax. Current and deferred tax is recognised as a cost or as income in the income statement, except when the tax is attributable to transactions that are recognised in other comprehensive income or directly in equity. In such cases, the tax is also recognised in other comprehensive income or directly in equity.

Current tax
Current tax is calculated on the taxable result for the period. The taxable result differs from the reported result in the income statement since it has been adjusted for non-taxable income and non-deductible costs as well as for income and costs that are taxable or deductible in other periods. The Group's current tax liabilities are calculated at the tax rates that have been enacted or announced as at the balance sheet date.

Deferred tax
Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and the tax base value used in the calculation of the taxable result. Deferred tax is reported using what is referred to as the balance sheet method. Deferred tax liabilities are recognised in principle for all taxable temporary differences and deferred tax assets are recognised in principle for all deductible temporary differences if it is likely that the amounts can be used against future taxable surpluses. Deferred tax liabilities and tax assets are not recognised if the temporary difference is attributable to goodwill or if it arises as a result of a transaction that constitutes the initial recognition of an asset or liability (other than a business acquisition) and that, at the transaction date, affects neither the reported result nor the result for tax purposes.

The deferred tax liabilities are recognised for taxable temporary differences attributable to investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary differences and it is not likely that such a reversal will occur in the foreseeable future. The deferred tax assets that are attributable to deductible temporary differences in respect of such investments will only be reported if it is likely that the amounts can be used against future taxable surpluses and it is probable that such use will take place in the foreseeable future.

The carrying amount of deferred tax assets is tested at each closing date and reduced if it is no longer likely that sufficient taxable surpluses will be available to be used, in whole or in part, against the deferred tax asset.

The deferred tax is calculated according to the tax rates that are expected to apply to the period when the asset is recovered or the liability settled, based on tax rates (and tax laws) that have been decided or announced at the balance sheet date.

Deferred tax assets and tax liabilities are offset when they relate to income taxes charged by the same public authority and when the Group intends to settle the tax at a net amount.

INTANGIBLE ASSETS

Separately acquired intangible assets
Intangible assets with finite useful lives that are acquired separately are recognised at cost less accumulated amortisation and any accumulated impairment. Amortisation is done on a straight-line basis over the estimated useful life of the asset. Estimated useful lives and amortisation methods are reviewed at least at the end of each financial year and the effect of any changes in estimates are reported prospectively.

Internally generated intangible assets - Capitalised software development costs
The group's development expenses for new or improved processes are reported as internally developed intangible assets. The intangible assets are only reported if it is technical and commercially feasible and the group has the resources to complete the development and that the company can demonstrate that the asset will be used in the business.

If it is not possible to recognise any internally generated intangible asset, the expenses for development are recognised as a cost in the period in which they are incurred.

After initial recognition, internally generated intangible assets are recognised at cost after deduction for accumulated amortisation and any accumulated impairment. The useful life of software is estimated to be 3-10 years.
In 2017, Ellos Group replaced all IT systems, a project which had then lasted for 3 years. The useful life of some of the systems such as the ERP system have been assessed be at least 10 years as it constitutes an extensive strategically important investment in the long term and is not intended to be renewed at the same rate as other systems where the rate of change is higher. The useful life of these parts have therefore been set at 10 years. Any exchange of these parts of the group's IT systems is not planned within a 10-year period.

Intangible assets acquired in business combinations
Intangible assets acquired in an acquisition of business are identified and recognised separately from goodwill when they meet the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets consists of their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in an acquisition of business are recognised at cost less accumulated amortisation and any accumulated impairment in the same way as for separately acquired intangible assets.

Customer relationships identified in connection with business combinations have an estimated anticipated useful life of 7 years and are amortised on a straight-line basis over this period. Amortisation of customer relationships is recognised as selling expense.

Brands with finite useful lives which are identified in connection with a business combination are amortised on a straight-line basis over 3 years. Amortisation of brands is recognised as cost of goods sold.

Brands with indefinite useful lives

Ellos
The Ellos brand has been in existence for more than 75 years, primarily in Sweden but also, through geographic expansion, in Norway, Finland, Denmark and, through partners, in the USA and Europe. The brand will continue to be used in a similar way and there are no plans for changes. The Ellos brand is used for establishment in new markets. Based on the progress of Ellos itself and market trends, it is highly likely that the brand will continue to exist for a very long time to come, which is why the brand has an indefinite useful life.

Jotex
The Jotex brand has been in existence for close to 60 years, primarily in Sweden but also, in recent years, in Norway, Finland and Denmark and also recent in Germany, Poland, Austria and the Netherlands. The brand will continue to be used in a similar way and there are no plans for changes. Based on the progress of Jotex itself and market trends, it is highly likely that the brand will continue to exist for a very long time to come, which is why the brand has an indefinite useful life.

Homeroom
The Homeroom brand is a relatively recently established brand that is expected to account for a large proportion of the Group in the future because of investments being made in this business. The Group plans to continue to invest in the Homeroom brand and the brand is estimated to have an indefinite useful life.

Retirements and disposals
An intangible fixed asset is derecognised from the statement of financial position in the event of retirement or sale or when no future economic benefits are anticipated from use or retirement/disposal of the asset. The gain or loss that occurs when an intangible asset is derecognised from the statement of financial position consists of the difference between the amount received from the sale and the carrying amount of the asset and this is recognised in the income statement when the asset is derecognised from the statement of financial position.

Property, plant and equipment
Property, plant and equipment are recognised at cost less accumulated depreciation and any impairment.
Cost consists of the purchase price, expenses that are directly attributable to the asset in order to bring it to the location and condition for its intended use, and the estimated cost of dismantling and removing the asset and restoring the site where it is located. Additional costs are included only in the asset or are recognised as a separate asset when it is probable that any future economic benefits associated with the item will flow to the Group and that the cost of the item can be measured reliably. All other costs for repairs and maintenance and additional expenses are recognised in the income statement in the period in which they are incurred.

Depreciation is done on a straight-line basis over the estimated useful life of the asset

Estimated useful lives:

Equipment, tools, fixtures and fittings	3-10 år
Right-of-use assets	3-12 år
Investmensts in leased property	20 år

Estimated useful lives, residual values and depreciation methods are reviewed at least at the end of each accounting period and the effect of any changes in estimates are reported prospectively.

The carrying amount of property, plant and equipment is derecognised from the statement of financial position in the event of retirement or disposal or when no future economic benefits are expected from use or retirement/disposal of the asset. The gain or loss that occurs on retirement or disposal of the asses consists of the difference between any net income on disposal and the carrying amount of the asset and is recognised in the income statement when the asset is derecognised from the statement of financial position.

Impairment of property, plant and equipment and intangible assets excluding goodwill
At each balance sheet date, the Group tests the carrying amounts of property, plant and equipment and intangible assets for indication of impairment of those assets. If this is the case, the recoverable value of the asset is estimated to enable the value of any impairment to be determined. Where it is not possible to estimate the recoverable value of an individual asset, the Group estimates the recoverable value for the cash-generating unit to which the asset belongs.
Intangible assets with indefinite useful lives and intangible assets that are not yet ready for use are tested for impairment annually or whenever there is an indication of a reduction in value.

The recoverable value is the fair value less selling expenses or its value in use, whichever is the higher. When calculating the value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks associated with the asset.

If the recoverable value of an asset is determined to be less than the carrying amount, the carrying amount of the asset is written down to the recoverable value. An impairment loss is recognised in the income statement.

When an impairment loss is later reversed, the asset's carrying amount rises to the remeasured recoverable value, but the higher carrying amount must not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset in previous years. A reversal of an impairment loss is recognised directly in the income statement.

Financial instruments

A financial asset or financial liability is recognised in the balance sheet when the Group becomes party to the contractual terms of the instrument. A financial asset or part of a financial asset is derecognised from the balance sheet when the rights in the agreement are realised, expire or when the company loses control over it. A financial liability or part of a financial liability is derecognised from the balance sheet when the obligation in the agreement is fulfilled or otherwise extinguished. Financial assets and financial liabilities initially valued at fair value. Transaction costs directly attributable to acquisitions or issues of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of financial assets or financial liabilities upon initial recognition.

Financial assets

All recognised financial assets are measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. The Group only has instruments measured at amortised cost and financial liabilities/assets measured at fair value through profit or loss (derivatives not used for hedge accounting). Classification of financial assets is based partly on the financial asset's contractual cash flow characteristics and partly on the company's business model. In order for a financial asset to be recognised at amortised cost upon initial recognition, it must give rise to cash flows that are solely payments of principal and interest and the Group sole objective of the holding is to collect such cash flows.

Financial liabilities

All the Group's financial liabilities are measured at amortised cost using the effective interest rate method, except for derivatives that are not held for hedge accounting, which are recognised at fair value through profit or loss.

To summarise, at initial recognition a financial asset or a financial liability is classified in one of the following categories for subsequent measurement:

Financial assets at accrued acquisition value
- Trade receivables
- Other receivables at accrued acquisition value
- Cash and cash equivalents

Financial assets at fair value
- Trade receivables that are sold daily to Resurs Bank
- Derivatives - Currency forwards used for hedging purposes
- Currency forwards not used for hedging purposes

Liabilities at amortised cost
- Trade payables and other liabilities
- Borrowings

Financial liabilities at fair value
- Derivatives - Currency forwards used for hedging purposes
- Currency forwards not used for hedging purpose

Currency forwards not used for hedging purposes are also held to reduce currency risk in intra-Group flows.

Amortised cost

Amortised cost is the amount at which the asset or liability is initially recognised less repayments and after adjustment for accruals and deferrals according to the effective interest rate method of the initial difference between the received/paid amount and the amount to pay/receive at maturity and less impairment.

The effective interest rate is the rate that, discounting all expected future cash flows over the expected term, results in the initial carrying value of the financial asset or financial liability.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and recognised at a net amount in the balance sheet when there is a legal right to offset and when there is an intention to settle the items at a net amount or to realise the asset at the same time and settle the debt.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand. Cash at bank and in hand are classified as financial assets at amortised cost.

Trade receivables

Trade receivables are classified as ”Financial assets at fair value”. However, trade receivables have a short anticipated maturity and are consequently recognised at the nominal amount. Deductions are made for expected credit losses. The amounts of expected credit losses are updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial instruments.

The Group applies the simplified approach to calculation of expected credit losses. This approach means that expected credit losses over the lifetime of the receivable are used as the basis for trade receivables. To calculate expected credit losses, trade receivables have been grouped into different types of receivables. The Group's trade receivables primarily refer to:

- Accounts receivable relating to credit card payments where we already withdrawn the money from the customer's account but not received the amount from the card issuer
- Trade receivables relating to insurance where the majority is sold to Resrs Bank in the normal flow
- Trade receivables relating to B2B sales where the majority are partners
- Trade receivables in Resurs Bank relating to sales of invoice and instalment plan receivables at the present date
- Older invoice and split payment receivables (not sold to Resurs Bank in 2013)

Impairment of trade receivables is reported in the income statement.

Trade payables
Trade payables are classified as "Liabilities at amortised cost". However, trade payables have short anticipated maturity and the liability is consequently recognised at the nominal amount without discounting.

Non-current and current liabilities
Borrowings are classified as "Liabilities at amortised cost". Any differences between the received loan amount (net of transaction costs) and repayment or repayment by instalments of loans is recognised over the term of the loans using the effective interest rate method.

Derivatives
The Group enters into derivatives transactions in order to manage currency risks. The Group applies hedge accounting where possible and the derivative instruments are therefore classified as "Derivatives - Currency forwards used for hedging purposes" and "Currency forwards not used for hedging purposes". Derivative instruments with a positive fair value are reported as assets and derivative instruments with a negative fair value are reported as liabilities. Changes in value of derivative instruments not held for hedging purposes are recognised either in net financial income and expense or in the operating result, depending on the purpose of the instrument.

Unrealised changes in value of derivative instruments that are designated as a cash flow hedge are recognised to the extent that they are very effective in other comprehensive income and the accumulated value changes in the hedging reserve in equity. When the forecast transaction occurs (e.g. a secured forecast sale), the accumulated value changes recognised in the hedging reserve are transferred from equity to the income statement. Hedge accounting ceases when the hedge no longer meets the criteria for hedge accounting, the Group revokes the designation, the forecast transaction is no longer expected to occur or the hedging instrument expires or is sold, terminated or exercised. The value changes are recognised in the hedging reserve in equity until the forecast transaction affects the income statement or is no longer expected to occur. The changes in value are then transferred to the income statement.

Inventories
Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price less the estimated costs necessary to make the sale. When calculating net realisable value, an assessment is made of the price at which it is possible to sell current inventories. If the net realisable value is less than the carrying amount, an impairment loss is recognised based on the estimated net realisable value. Cost is determined using the first-in, first-out (FIFO) method, in which a weighted average is calculated for every delivery.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

The amount of the provision represents the best estimate of the expenditure required to settle the present obligation as at the balance sheet date, taking into account the risks and uncertainties associated with the obligation. When a provision is calculated by estimating the expenditures expected to be required to settle the obligation, the recognised value shall be equal to the present value of these payments.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by a third party, the reimbursement is recognised as an asset in the statement of financial position when it is virtually certain that reimbursement will be received if the company settles the obligation and the amount can be reliably estimated.

PARENT COMPANY'S ACCOUNTING STANDARDS

Changed accounting policies effective for fiscal years beginning on or after January 1, 2022:
The changes that came into force and apply from 1 January 2022 have had no significant impact on the parent company's financial reports.

Amendments to RFR 2 not yet effective
The changes in RFR 2 that have not yet entered into force are deemed not to have had any significant impact on the parent company's financial statements when they are applied for the first time. The Swedish Financial Reporting Council has not yet processed any amendments or additions to Amendments to IAS 1 - Classification of liabilities as short- and long-term.

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 that 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. The accounting standards are unchanged compared with the previous year. The differences between the Parent Company's and the Group's accounting standards are described below:

Classification and presentation types
The Parent Company's income statement and balance sheet are presented in accordance with the Swedish Annual Accounts Act. The difference compared with IAS 1 Presentation of Financial Statements which is applied to the presentation of the Group's financial statements is primarily recognition of financial income and expense, non-current assets, equity and the presentation of provisions under a separate heading.

Subsidiaries
Investments in subsidiaries are recognised at cost in the Parent Company's financial statements. Acquisition-related costs for subsidiaries, which are recognised as expense in the consolidated financial statements, are included as part of the cost of investments in subsidiaries in the Parent Company.

Taxes
Untaxed reserves, including deferred tax liabilities, are recognised in the Parent Company. In the consolidated financial statements untaxed reserves are divided between deferred tax liability and equity.

Financial instruments
The Parent Company does not apply IFRS 9 Financial Instruments. The Parent Company applies a method based on cost in accordance with the Swedish Annual Accounts Act. This means that non-current financial assets are measured at cost less any impairment and current financial assets according to the lower of cost or market. Financial liabilities are measured at amortised cost using the effective interest method. The principles for recognition and derecognition of financial instruments as well as impairment of financial assets correspond to those applied to the consolidated financial statements, as described above.

Note 3 Significant estimates and judgements

The preparation of financial statements in accordance with IFRS requires the Company's executive management and Board to make estimates and judgements, and also to make assumptions that affect the application of the accounting standards and the recognised assets, liabilities, income and expenses. The estimates are based on historical experience and assumptions which in the circumstances are considered to be reasonable and realistic. The results of these estimates and judgements are used to determine the recognised values of assets and liabilities that it is not possible to determine from other sources. The fair value may differ from these estimates and judgements. Listed below are the key assumptions, judgements and estimates made as at the balance sheet date and deemed to have the most significant impact on the Group's position and results.

ESTIMATES USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

Value of trademarks and goodwil
Acquired trademarks and goodwill are recognised as intangible assets. Intangible assets and goodwill with indefinite useful lives are tested for impairment annually or whenever there is an indication of impairment. Impairment testing requires an estimate of parameters that affect future cash flows. The assumptions that mainly affect the recoverable value are the assumptions regarding changes in volume, profit margin and discount rates. If future events and circumstances change, the assumptions may be affected so that the recognised value of intangible assets changes. Note 15 contains information about the estimates made and the parameters used for calculation of recoverable value. The Group has identified brands that have an indefinite useful life and the motivation for why these brands have an indefinite useful life is reported in Note 2.The recognised value of the Group's trademarks with indefinite useful lives, which were calculated in connection with Ellos Gropus ABs acquisition of Ellos Group Holding AB group, amounted to SEK 445 (445) million, while goodwill totalled SEK 677 (677) million. No impairment was recognised in the financial year.

Value of customer relationships
Acquired customer relationships are recognised as an intangible asset. This asset is amortised over its expected useful life. Impairment testing is performed on each balance sheet date to determine whether there is any indication of impairment. If there is, the asset's recoverable amount must be calculated. Any impairment is recognised in the income statement. The assumptions that mainly affect the recoverable value are the assumptions regarding changes in volume, profit margin or customer mobility. If future events and circumstances change, the assumptions may be affected so that the recognised value of intangible assets changes. The Group's customer relationships were recognised in the amount of SEK 370 (465) million. During the year, amortisation amounted to SEK 95 (95) million and no customer relationships have been acquired. The useful life of customer relationships is estimated at 7 years. This assumption is based on historical information about how long a customer on average remains with Ellos, Jotex and Homeroom. Useful life is reviewed at least annually, based on new and updated information about customer behaviour and loyalty. If the useful life is changed, the depreciation charge will either increase or decrease. A reduction of one year in the useful life will have an impact on the depreciation charge of SEK 16 million per year.

Pension obligations
The value of pension obligations in respect of defined benefit plans is determined using actuarial estimates and is based on assumptions regarding discount rate, expected returns on plan assets, future salary increases, inflation and demographic circumstances. Any changes to these assumptions will impact the estimated value of the pension obligations.

The most significant assumption, the discount rate, is based on the market rate of return on high quality corporate bonds with maturities corresponding to the pension obligations. The Group has determined that mortgage bonds are comparable to high-quality corporate bonds, which is why a selection of AAA and AA-rated mortgage bonds are used. A lower discount rate increases the present value of the pension obligations and their costs, while a higher discount rate has the opposite effect. Should changes occur in market conditions and financial circumstances, the underlying assumptions may differ from actual developments and may lead to significant changes to the provisions for pensions and similar obligations. The defined benefit plans are recognised under Provisions for pensions. For further information, see Note 32 Employee Benefits.

Calculation of tax
In the group's subsidiary Ellos AB, a provision has been made, regarding the planned cooperation regarding purchasing and the advance payment made, due to the bankruptcies which was done within the FNG NV group. The provision made amounts to SEK 158.6 million and has been regarded in its entirety as one deductible cost for the business year 2020 when calculating current tax. Like other companies in the group, Ellos AB has left submits claims to the bankruptcy estate but assesses the likelihood of obtaining repayment as very low. In 2022, the Swedish Tax Agency has left its assessment in the case and the company has been denied a deduction for SEK 158.6 million and at the same time a tax surcharge of SEK 14.5 million has been imposed. The tax supplement has not been reported in Ellos AB's accounting because it is considered likely that this does not need to be paid. Ellos AB has paid SEK 20.5 million in tax incurred in 2022 and requested a postponement for applied tax surcharge. The consequent effect on the 2021 tax with reason for deficits from 2020 not being able to be utilized will to be paid on the due date in 2023. Tax Agency's decision will be appealed.

Liabilities to group companies
In the financial statements as of 2021-12-31, a provision was reported that amounted to SEK 446 million and this provision was made for a settlement agreement that Ellos Group AB entered into with its former group parent company. The provision referred to an arbitration procedure where the former owners of Ellos Group (including Cidron e-Com S.à.r.l.) had made claims against FNG N.V. and Ellos Group AB for breach of certain conditions in the acquisition documents regarding FNG's acquisition of Ellos Group. During 2022, Cidron e-Com S.à.r.l has utilized its pledge in Ellos Group AB (publ) and taken over ownership of the company. In the 2022-12-31 financial statements, Ellos Group AB (publ) has assessed that this debt, which as of 2022-12-31 amounts to SEK 540 million (EUR 48.5 million) (including interest and with the closing date's conversion rate) must now be reported as short-term debt to group companies.

ASSUMPTIONS USED IN APPLYING THE GROUP'S ACCOUNTING STANDARDS

Sales of invoice and instalment plan receivables
Ellos Group has entered into an agreement with Resurs Bank AB regarding the sale of the Group's invoice and instalment plan receivables. In connection with the inception of the agreement in 2013, Resurs Bank AB acquired Ellos Group's outstanding healthy receivables (i.e. receivables not transferred to collection agencies), while simultaneously committing to continuously acquire all new invoice and instalment plan receivables for the brands Ellos and Jotex arising in the Group's e-commerce operations. Ellos Group sells invoice and partial payment receivables that arise on a daily basis at the nominal value. Ellos Group received payment from Resurs immediately when the credit portfolio was sold in 2013 and Ellos Group receives payment daily for new receivables sold. These transactions are regarded as separate cash flows which we judge to be identifiable. Our judgement is that all significant risks and rewards associated with the receivables are transferred from the Ellos Group to Resurs Bank AB, which is why the Group has determined that the conditions for not recognising invoice and instalment plan receivables in the balance sheet have been met.

Note 4 Financial risk management and financial instruments

Financial risk management
The Group's business activities expose it to financial risks such as currency risk, interest rate risk, credit risk and liquidity and financing risk. The Group's financial policy describes how to manage these financial risks.

The financial policy is seen as tool for monitoring financial operations and establishes the framework within which the Group operates. It is reviewed annually and approved by the Board of Directors. The overarching objective is to limit the financial volatility in the income statement and balance sheet, to protect financial assets and future cash flows and to optimise the Group's financing and meet any requirements in financing agreements.

The financial policy refers to four decision-making levels: the Group's Board of Directors, the CEO, the CFO and the Group's integrated Treasury team. The Group's Board of Directors approves policy and guarantees of more than SEK 5 million, is responsible for medium-term to long-term financing and is responsible for upholding covenants. Otherwise the Board of Directors delegates management of financial risks to the CEO, who is responsible for reporting deviations from policy to the Board of Directors. The CEO approves guarantees of up to SEK 5 million. Management of other financial risks is delegated to the CFO, who approves banks and supervises the Treasury team. The CFO delegates management of other financial risks to the Treasury team. They identifies and analyses risks and proposes measures to limit risks to the CFO. The treasury team acts on the CFO´s decisions, operating within the framework of policy, and ensures that financial and commercial risks are limited in close cooperation with the Group's operating entities and subject to approval from the Group's CFO.

Currency risk
The group operates primarily in the Nordic countries and also in some countries in the rest of Europe. The group's products are purchased from Asia and Europe. Through its international trading the Group is exposed to currency risk, both via transactions in foreign currency (transaction exposure) and via translation of foreign subsidiaries' income statements and balance sheets to Swedish krona (translation exposure). According to this policy, currency flows in operating activities are hedged using currency forwards.
Today 70-100% of forecast flows are hedged using forward contracts with bank.

Cash flows in foreign currency	2022-01-01 -2022-12-31		2021-01-01 –2021-12-31	
Currency	Outflow SEK thousand	Inflow SEK thousand	Outflow SEK thousand	Inflow SEK thousand
USD	15 065	922 875	16 386	909 545
EUR	721 829	360 934	594 275	264 138
NOK	589 612	94 597	563 350	42 598
DKK	224 155	30 997	207 045	11 149
Other Import currencies	35 371	47 216	21 849	27 120
Total	**1 586 032**	**1 456 619**	**1 402 905**	**1 254 550**

The table shows the Group's purchasing in foreign currency and the Group's sales of goods and services in currencies other than SEK.

Commercial transaction exposure
The Swedish operations import the majority of goods sold in the Group. The principal currency used for imports USD. Goods and services are sold from the Swedish operations to the companies in the Group and invoices are raised in the recipients functional currencies: SEK, NOK, DKK and EUR. Sales to customers by the foreign companies in the Group are denominated in local currencies and result in the foreign subsidiaries handling substantial amounts of both income and expenses in local currencies, thus creating a kind of natural hedge. The Swedish business also sells in EUR to customers in Germany, Austria and the Netherlands as well as in PLN to customers in Poland. Transaction exposure and hedging activities in the Group are thus concentrated in a handful of companies in the Group. According to the Group's financial policy, transaction exposure should be reduced through the use of derivative instruments. The Board of Directors has taken a decision on hedge accounting. The value of currency forwards at year-end was SEK -12.5 (20.9) million.

Financial transaction exposure
The Group's cash and cash equivalents in foreign currency are hedged in accordance with the financial policy. The nominal amounts are denominated in SEK, NOK, DKK and EUR and are held in a Nordic cash pool. This financial transaction exposure is hedged using currency swaps. The hedge means the impact of currency fluctuations on the consolidated income statement is minimised.

Sensitivity analysis
The Group's sensitivity to exchange rate changes is shown in following table. The analysis is based on currency exposure as at the balance sheet day 2022 and 2021, that is the net amount of all accounts receivables and accounts payables in the respective currencies. In the column "before hedging" we show the impact on results of a hypothetical +10% change in the Swedish krona without hedging and with items measured at the exchange rate on the balance sheet day. "After hedging" shows the impact on results if items are measured at current forward rates and the estimated hedging level is 95 (90)%. The calculation is based on the assumption that all other factors impacting results are unchanged.

A significant proportion of the Group's income and costs are generated in foreign currencies, resulting in currency risk. These future financial instruments occur mainly in trade receivables and trade payables, which is the outcome of the flows shown in the table below.

Impact on results before tax

Estimated impact on operating profit/loss of +10% change in SEK against the currencies listed below

	2022		2021	
Currency	Before hedging SEK thousand	After hedging SEK thousand	Before hedging SEK thousand	After hedging SEK thousand
USD	3 920	187	3 715	174
EUR	1 599	73	1 571	79
NOK	1 248	56	655	34
DKK	-5 824	-263	-6 791	-324
HKD	-262	-12	-304	-14
Other currencies	-44	-2	-39	-2
	637	**39**	**-1 193**	**-53**

Hedging is used for a very large proportion of financial instruments. A change of + 10% in the SEK exchange rate has an impact on profit/loss before tax of SEK 0.6 (-1.2) million based on translation of trade payables and external and internal trade receivables in foreign currency as at the balance sheet date. The corresponding calculation after hedging results in an impact on profit/loss before tax of SEK 0.1 (-0.1) million, based on a hedging level of 95 (95)% which is the calculated level as of the balance sheet date.

Translation exposure

The Group's subsidiaries outside Sweden have net assets in functional currencies that are different from the Group's presentation currency, which is SEK. When these companies' income statements and balance sheets are translated into SEK, it results in translation differences which are reported in other comprehensive income. Translation differences resulting from net investments in foreign currency are not hedged but in accordance with the financial policy are monitored and calculated on a regular basis in order to enable the Group to assess the impact on its results and financial position. The impact on other comprehensive income of translation of the net assets of foreign subsidiaries to SEK amounted to SEK -0.3 (-22.4) million in the financial year.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments, interest-bearing assets and liabilities and income, costs and cash flows will change as a result of changes in the market rate. To ensure effective and good risk control, borrowing is handled centrally by the Group's Treasury team. The Group is exposed to interest rate risk through interest-bearing loans, which are one of the Group's sources of financing in addition to equity and cash flow from operating activities. Interest-bearing borrowing primarily comprises a 5-year bond (issued 2019-07-24) of SEK 1,500 million and revolving credit of SEK 350 million, all of which carry a variable interest rate.

The Group's customers can choose between different payment solutions. When partial payment or invoicing solutions are used, they result in the creation of trade receivables, which are sold to Resurs Bank AB at the nominal amount on a daily basis. Depending on how customers choose to make payments, an additional purchase consideration may subsequently arise which is recognised in net sales. Income from these payment solutions is associated with risks. Because some of the income from Resurs Bank is variable and depends on all aspects of the transactions, Ellos Group is indirectly exposed to risks associated with granting of credit, such as customers' ability to pay and the interest rate risk associated with financing costs.

Interest rate exposure

The average fixed rate term for the Group's external loans at the end of 2021 was 3 months. If interest rates were to rise by one percentage point in all countries in which the Group has borrowings or investments, the hypothetical effect on the total amount of net financial income and expense would be around SEK -15 million before tax. The group has a 5-year bond amounting to SEK 1,500 thousand with a 3-month Stibor + 6.75 percent and revolving credits of SEK 350 million with a variable interest rate of 3-month Stibor + 2.15-2.75 percent. On the balance sheet date, the revolving credits were utilized by SEK 89.5 million.

Credit risk

Credit risk refers to the risk that the counterparty in a transaction causes the Group a loss by not fulfilling their contractual obligations.

Credit exposure

Most of the Group's credit risk refers to trade receivables and active measures are taken to limit this risk. In order for a customer to be approved, they must pass a credit risk assessment. Customers are assessed on their current financial situation, previous credit history and other relevant factors. The majority of receivables are distributed among a large number of private individuals with a large geographical spread and few corporate customers, which limits concentration of credit risk. As at 31 December 2021, none of the Group's corporate customers accounted for more than 5.4 (6.4) % of outstanding trade receivables as at the balance sheet day. Also see Note 20 for age distribution of trade receivables and additional information about the Group's management of credit risk.

The credit quality of financial assets not past due or impaired as at the balance sheet date is assessed to be good.

The Group's maximum exposure to credit risk is deemed to correspond to the reported values of all financial assets and is shown in the table below:

	Group		Parent company	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Accrued income	33 295	32 866	0	0
Trade receivables	62 542	43 990	0	0
Receivables from Group companies	0	12 838	166 209	272 800
Derivatives with positive market values	35 467	44 515	0	0
Other receivables	15 306	47 817	109	0
Cash and cash equivalents	157 524	196 302	6 590	3 161
Maximum exposure to credit risk	**304 134**	**378 328**	**172 908**	**275 961**

Counterparty credit exposure

Counterparty credit exposure refers to the Group's transactions with external parties relating to bank accounts, financing commitments and financial derivatives and the underlying risk that such a party might default on its contractual obligations. Under the financial policy, the Group has a list of approved counterparties and maximal exposure in respect of each approved counterparty. Approved counterparties must have a minimum credit rating of A-/A2 as assessed by Fitch, Standard & Poor's or Moody's. Exceptions may be made for local banks subject to approval from the CFO. Credit loss provisions relating to cash and cash equivalents are calculated using the general model based on probability of default based on the counterparty's rating and exposure on the balance sheet date. Because of short maturities and highly rated counterparties, the amount is entirely insignificant. Credit risk provisions on accounts receivable are stated in Note 20. Other assets are mainly receivables relating to VAT where there is no credit risk.

Liquidity and financing risk

Liquidity risk refers to the risk that the Group will not be able to meet its obligations relating to the Group's financial liabilities. Financing risk refers to the risk that the Group is unable to raise sufficient financing at a reasonable cost.

In accordance with its financial policy, the Group is continuously monitoring forecast for cash flows and liquidity reserves in order to ensure the Group has sufficient cash assets to meet the needs of operating activities and to cover interest payments and repayments. The forecasts are combined with business intelligence and various simulations and are reviewed both at management meetings and in regular communication with the Board of Directors. Necessary action is taken as needed. According to the financial policy, the liquidity reserve must correspond to at least 15 days of payments, corresponding to around 7 % of the Groups sales of goods, SEK 219 (203) million.

In order to reduce the liquidity risk and financing risk, the Group has a working capital finance agreement with an external bank. The agreement includes SEK 350 million of committed revolving credit. The agreement was signed on 26 November 2019 and runs until 20 January 2024. The revolving credit facility also includes bank guarantees totalling SEK 146.5 (155.2) million. Total used revolving credit (excluding bank guarantees) as at the balance sheet date amounted to SEK 89.5 (0.0) million. The Group has covenants linked to the financing agreement relating to debt/equity ratio and cash. For more information about covenants, see section "Interest-bearing liabilities.

The Group is actively working to safeguard an efficient cash management structure, for instance through so-called cash pools. Cash and cash equivalents and unused credit facilities are used to secure liquidity reserves. At the end of 2022, the Group had unused credit facilities of SEK 114.0 (194.8) million and cash and cash equivalents amounting to SEK 157.5 (196.3) million. The Group's cash and cash equivalents must be placed in bank accounts or highly liquid interest-bearing instruments. Surplus cash and cash equivalents in subsidiaries are appropriated by the Group's Treasury function to ensure compliance with the policy recommendations. By ensuring access to guaranteed, long-term credit facilities and by using different maturities and sources of financing in its borrowing, the Group seeks to avoid high financing costs and difficulties with regard to refinancing. For more information about the Group's borrowing, see Note 29 and Note 30. Net outflows are managed through inflows from customers.

Capital structure and capital management

The Group's objective is to have a capital structure (equity and liabilities) that safeguards the long-term future of the business and generates returns for shareholders and benefit for other stakeholders. This is achieved by means of equity and the Group's SEK 350 million financing agreement with an external bank and a bond of SEK 1,500 million. The Group continuously monitors net debt, which is defined as interest-bearing liabilities, excluding pension liabilities and lease liabilities, less cash and cash equivalents and other interest-bearing assets, see Note 37. The financing agreement is due for payment 1-1.5 years from the balance sheet date and the Group's forecasted future cash flows are expected to be sufficient to cover this obligation. The Group cooperates with several of the leading banks in the Nordic region in order to safeguard a long-term capital structure.

The table below shows the maturities of the Group's financial liabilities. The amounts shown in the table are contractual, non-discounted cash flows including interest and repayments. In the table, the interest rate levels on the balance sheet date was also used for assumptions regarding future interest payments. All cash flows in foreign currencies were translated to SEK at the exchange rate on the balance sheet date.

Interest-bearing liabilities

31 December 2021	Within 3 months	3-12 months	1-3 years	4-5 years	Total
Interest-bearing liabilities	25 313	75 938	1 677 188		1 778 439
Recognised negative derivatives, inflow	5 761	35			5 796
Recognised negative derivatives, outflow	190	17 648			17 838
Trade payables	421 003				421 003
Current liabilities to Group companies	61				61
Other current liabilities	114 347				114 347
Repayment liability	27 181				27 181
Accrued expenses	211 245				211 245
	805 101	**93 621**	**1 677 188**	**0**	**2 575 910**

31 December 2022	Within 3 months	3-12 months	1-3 years	4-5 years	Total
Interest-bearing liabilities	32 915	101 167	1 686 067		1 820 149
Recognised negative derivatives, inflow	14 116	16 550			30 666
Recognised negative derivatives, outflow	16	17 362			17 378
Trade payables	341 331				341 331
Current liabilities to Group companies		583 818			583 818
Other current liablilites	125 164				125 164
Repayment liability	32 197				32 197
Accrued expenses	218 682				218 682
	764 421	**718 897**	**1 686 067**	**0**	**3 169 385**

The Group's interest-bearing loans consist partly of a bond with a nominal value of SEK 1,500 million and partly of revolving credit facilities of SEK 350 million. The bond and revolving credit carry a variable interest rate. The breakdown is described in the table below, (see also Note 30).

Maturity	Type of loan	Currency	Nominal amount (in currency)	Nominal amount (SEK thousand)	Carrying amount 2022 (SEK thousand)
Long-term borrowings					
2019-2024	Bond	SEK	1 500 000	1 500 000	1 479 877
Totalt				**1 500 000**	**1 479 877**
Kortfristiga lån					
2019-2024	Revolving credit	SEK	0	89 453	89 453
2019-2024	Revolving credit	NOK	0	26	26
2019-2024	Revolving credit	DKK	0	0	0
2019-2024	Revolving credit	EUR	0	0	0
Totalt			0	89 479	89 479
Total borrowings				**1 589 479**	**1 569 356**

The amounts in the table refer to both bond and revolving credit facilities included in financing agreements for 2019. The average weighted interest rate at the end of 2022 was 8.0 (6.0) %. The Group's financing agreement contain requirements for two specified financial performance measures (covenants). These performance measures are: Debt/equity ratio and Cash (see Definitions in Note 37). Management and the Board of Directors continuously monitor the Group's projected performance in relation to covenant thresholds and ensure that the Group meets its obligations towards external creditors. These covenants are reported quarterly and was first reported in February 2020 and has been reported continuously every quarter since then. The Group has on all reporting occasions been within the limits of what is permitted for the covenants according to the agreement.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities

Derivatives

At the end of the financial year, the Group had currency forwards as set out below. These were recognised at fair value in the consolidated statement of financial position. The table below shows the carrying amounts and a sensitivity analysis, together with the effect of a 10% change in the respective currencies in SEK.

	Net amount in the respective currencies (thousand)	Nominal amount SEK thousand	+10% effect in SEK thousand
EUR	-45 720	-508 489	-50 849
USD	65 450	682 469	68 247
HKD	9 985	13 353	1 335
NOK	-497 980	-526 778	-52 678
DKK	-131 240	-196 278	-19 628
PLN	-10 370	-24 640	-2 464
Total		**-560 363**	**-56 037**
Tax effect 20.6%			11 544

A negative amount represents a hedged inflow and a positive amount a hedged outflow. All currency forwards will mature in 2023. The Group has no interest rate derivatives.

Fair value of assets and liabilities

The carrying amount of interest-bearing assets and liabilities may differ from their fair value, partly as a result of changes in market rates. However, the Group's assessment is that the interest rate for interest-bearing liabilities was in line with market rates as at 31 December 2022 and that the fair value as at the balance sheet date therefore corresponded to the nominal amount.

For financial instruments such as trade payables and other non-interest-bearing financial assets and liabilities, which are recognised at amortised cost loss any impairment, this amount is estimated to correspond to the fair value, which coincides with the carrying amount due to short maturities.

The Group's derivatives instruments were recognised at fair value in the consolidated statement of financial position, were measured according to Level 2 in the IFRS 13 fair value hierarchy.

The Group has the following financial instruments

Carrying amounts of financial assets and financial liabilities by measurement category in accordance with IFRS 9 are presented in the table below.

	Group		Parent company	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Financial assets at amortised cost				
- trade receivables and accrued income	90 406	70 018	0	0
- other assets measured at amortised cost	15 306	47 817	166 209	272 842
- cash and cash equivalents	157 524	196 302	6 590	3 161
Financial assets at fair value				
- trade receivables and accrued income	5 431	6 838	0	0
- derivatives				
- currency forwards used for hedging purposes	30 810	43 934	0	0
- currency forwards not used for hedging purposes	4 657	581	0	0
Total financial assets	**304 134**	**365 491**	**172 799**	**276 003**

Currency forwards not used for hedging purposes are held to reduce currency risk in intra-Group flows. Accounts receivable that are reported at fair value as of December 31, 2022 refer to accounts receivable that are sold daily to Resurs Bank.

	Group		Parent company	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Liabilities at amortised cost				
- trade payables and other liabilities	717 373	773 774	601 339	57 318
- borrowings	1 479 877	1 467 168	1 479 877	1 467 106
Financial assets at fair value				
- derivatives:				
- currency forwards used for hedging purposes	46 872	22 529	0	0
- currency forwards not used for hedging purposes	1 172	1 104	0	0
Total financial liabilities	**2 245 294**	**2 264 574**	**2 081 216**	**1 524 425**

Currency forwards not used for hedging purposes are held to reduce currency risk in intra-Group flows. There have been no reclassifications between the valuation categories above during the period.

Net gains / losses from financial assets and financial liabilities broken down by measurement category in accordance with IFRS 9 are presented in the table below.

	Group	
	2022-01-01 -2022-12-31	2021-01-01 -2021-12-31
Interest income from trade receivables and accrued income	7 176	7 425
Interest expenses on trade payables and other liabilities	-18	-52
Interest expense on borrowings	-114 165	-101 494
Interest expense/income for derivatives used for hedging purposes	-851	421
Interest expense/income for derivatives not used for hedging purposes	-1 727	-107
Net gain/loss	**-109 585**	**-93 807**

Currency forwards are measured on the basis of observable information regarding currency rates and market interest rates as at the balance sheet date for the remaining term (that is, discounted cash flows).

Financial assets and financial liabilities measured at fair value in the balance sheet are categorised according to the three-level fair value hierarchy in IFRS 13 (Level 1, 2 or 3). Measurement of all currency derivatives is categorised in Level 2.

Hedge accounting and derivatives

The Group is exposed to currency risk in its operations associated with purchasing and sales denominated in foreign currency. This risk is managed through the use of currency forwards.

Currency forwards are the designated hedging instruments in cash flow hedging relating to projected purchasing and sales denominated in EUR, NOK, DKK, USD, HKD, GBP and PLN.

Currency forwards

The Group's outstanding currency forwards for purchasing and sales by currency and maturity

Currency forwards			Maturity			
2021-12-31	-1 month	1-3 month	3-6 month	6-9 month	9-12 month	TOTAL
EUR (nom. amount)	-2 970 000	-5 650 000	-17 580 000	-9 480 000	-20 760 000	-56 440 000
EUR (average forward rate)	-10,2312	-10,1649	-10,2059	-10,1211	-10,1388	
NOK (nom. amount)	-44 600 000	-85 650 000	-178 150 000	-106 020 000	-168 840 000	-583 260 000
NOK (average forward rate)	-1,0069	-0,9940	-0,9990	-0,9973	-0,9983	
DKK (nom. amount)	-14 300 000	-27 425 000	-56 275 000	-23 640 000	-55 920 000	-177 560 000
DKK (average forward rate)	-1,3761	-1,3675	-1,3705	-1,3626	-1,3632	
USD (nom. amount)	8 200 000	24 125 000	17 250 000	27 520 000	14 000 000	91 095 000
USD (average forward rate)	-8,6236	-8,4583	-8,4625	-8,6772	-8,6358	
HKD (nom. amount)	3 380 000	2 440 000	1 610 000	3 040 000	760 000	11 230 000
HKD (average forward rate)	-1,0828	-1,0511	-1,0947	-1,1076	-1,1155	
PLN (nom. amount)	0	-1 400 000	-2 100 000	-3 480 000	-5 220 000	-12 200 000
PLN (average forward rate)	0,0000	-2,2128	-2,2218	-2,1348	-2,1063	

Currency forwards			Maturity			
2022-12-31	-1 month	1-3 month	3-6 month	6-9 month	9-12 month	TOTAL
EUR (nom. amount)	-10 300 000	-2 050 000	-13 650 000	-8 000 000	-11 720 000	-45 720 000
EUR (average forward rate)	10,8927	9,7957	10,5164	10,8882	10,9647	
NOK (nom. amount)	-46 140 000	-81 200 000	-156 800 000	-81 360 000	-132 480 000	-497 980 000
NOK (average forward rate)	1,0456	1,0605	1,0507	1,0467	1,0434	
DKK (nom. amount)	-14 690 000	-25 600 000	-33 440 000	-18 340 000	-39 170 000	-131 240 000
DKK (average forward rate)	1,4657	1,4218	1,4133	1,4620	1,4773	
USD (nom. amount)	9 580 000	14 620 000	15 035 000	15 270 000	10 945 000	65 450 000
USD (average forward rate)	9,7175	9,5087	9,8222	10,7345	11,0393	
HKD (nom. amount)	-715 000	2 800 000	1 300 000	5 450 000	1 150 000	9 985 000
HKD (average forward rate)	1,5709	1,2142	1,2082	1,3716	1,3540	
PLN (nom. amount)	-430 000	-2 150 000	-1 290 000	-3 000 000	-3 500 000	-10 370 000
PLN (average forward rate)	2,2596	2,1068	2,1009	2,1362	2,1549	

Effect of hedging instrument on consolidated balance sheet:

	Nominal amount SEK	Carrying amount	Line in balance sheet	Change in fair value
As at 31 December 2021				
Currency forwards with positive/negative value		-20 882	Derivative instruments	55 940
As at 31 December 2022				
Currency forwards with positive/negative value		-12 577	Derivative instruments	37 569

Effect of hedged item on consolidated balance sheet:

	Change in fair value	Hedging reserve
As at 31 December 2021		
Very probable projected sale/purchasing	55 940	-552
As at 31 December 2022		
Very probable projected sale/purchasing	37 569	-30 976

Effect of cash flow hedges on income statement and other comprehensive income:

	Hedging gains/losses recognised in other comprehensive income	Ineffectiveness reported in income statement	Line in income statement	Amount re-classified from other comprehensive income to income statement	Line in income statement
2021					
Very probable projected sale/cost of goods sold	55 940	-	-	-822	Sales/Cost of goods sold
2022					
Very probable projected sale/cost of goods sold	37 569	-	-	-75 886	Sales/Cost of goods sold

Offsetting information

The Group has no netted balance sheet items. The Group has ISDA netting agreement with derivatives counterparties. The amounts not offset but which are covered by these general agreements are shown below.

2021-12-31	Amounts recognised in balance sheet	Financial instruments	Net amount
Assets			
Recognised positive derivatives	44 515	-23 633	20 882
Liabilities			
Recognised negative derivatives	23 633	-23 633	0
Total	68 148	-47 266	20 882

2022-12-31	Amounts recognised in balance sheet	Financial instruments	Net amount
Assets			
Recognised positive derivatives	35 467	-48 044	-12 577
Liabilities			
Recognised negative derivatives	48 044	-48 044	0
Total	83 510	-96 088	-12 577

Note 5 Revenue

Net sales

Below follows the analysis of Group's distribution of net sales.

Distribution of net sales	2022-01-01 -2022-12-31	2021-01-01 –2021-12-31
Revenue from agreements with customers	3 291 897	3 267 248
Additional purchase price Resurs Bank	319 806	321 873
Total	**3 611 703**	**3 589 121**

Information about geographical areas

The Group operates in four main geographical areas - Sweden (the company's headquarters), Norway, Finland and Denmark.

The Swedish group company Ellos AB also sells to consumers in Germany, Poland, the Netherlands and Austria. The group also sells goods to consumers around Europe via external trading platforms. In addition, some B2B sales in Europe take place mainly in Germany.

Below is a breakdown of the Group's revenue from sales to external customers based on the location of the customer.

Revenue from external customers by geographical market	2022-01-01 -2022-12-31	2021-01-01 –2021-12-31
Sweden	1 917 990	1 957 648
Norway	648 947	622 835
Finland	537 051	544 541
Denmark	262 727	277 143
Germany	126 795	102 856
Other Europe	118 193	84 099
Total	**3 611 703**	**3 589 121**

Below is a breakdown of the Group's intangible and tangible assets by geographical market. The Group's intangible assets like goodwill, trademarks and customer relationships are not included in the table below because these are not allocated by country.

Non-current assets by geographical market	2022-01-01 -2022-12-31	2021-01-01 –2021-12-31
Sweden	715 565	725 166
Total	**715 565**	**725 166**

Information about major customers

The Group has no single customer that accounts for 10% or more of consolidated revenues.

Parent Company

The Parent Company's income comprises administration and management services for the companies in the Group.
All of the Parent Company's income is generated within the Group.

Note 6 Other revenue

	Group	
	2022-01-01 -2022-12-31	2021-01-01 –2021-12-31
Rental income	4 684	4 687
Royalties	12 316	16 526
Exchange gain	4 362	11 116
Other	2 3012	3 801
Total	**23 663**	**36 129**

Note 7 Other costs

	Group	
	2022-01-01 -2022-12-31	2021-01-01 -2021-12-31
Exchange loss	21 769	10 733
Sale/disposal of fixed assets	9 039	0
Loss on consignment sales	1 411	0
Other	0	1 719
Total	**32 219**	**12 452**

Disposals refer to assets that are no longer in use in
the group that referred to the divested business for Stayhard
as well as the store in Kristianstad that has been decided to close.

Note 8 Disclosure of auditor's remuneration and expenses

	Group		Parent Company	
	2022-01-01 -2022-12-31	2021-01-01 -2021-12-31	2022-01-01 –2022-12-31	2021-01-01 –2021-12-31
EY				
audit assignment	1 628	1 599	590	627
audit work other than audit assignment	0	1 439	0	541
tax advice	470	345	0	0
Total	**2 098**	**3 383**	**590**	**1 168**

Audit assignment means the auditor's payment for the statutory audit. The work includes review of the annual report and accounts, the Board of Directors and the CEO's management and the remuneration of audit advice provided in connection with the audit assignment. Audit activities in addition to the audit assignment relates to other services.

Note 9 Leasing

The Group is the lessee in leases relating mostly to offices, warehouses and a small number of retail premises. The Group also leases vehiclesand office equipment. With regard to premises, recognised lease liabilities primarily comprise leased premises for the head office and two warehouses in Borås. These three leases have lease terms until 2029-2032. There is an option to extend the leases for these premises. Under the terms and conditions of the leases, the lease will be extended by a period of between 3-5 years unless notice of termination of the lease is given by either party 24-36 months before the end of the lease term.

When the Group enters into a lease, an assessment is made as to whether it is reasonably certain that the option to extend will be exercised. The Group has not included any options in recognised lease liabilities because it has concluded that it is not reasonably certain that these options will be exercised. Reassessment will take place if a significant event occurs which is within the control of the Group. However, the lease will be extended not later than at the time of automatic extension of the lease (unless either party has given notice of termination of the lease).

No sales volume based rent is used for retail premises. The variable fee associated with premises leases is property tax.

The main right of use that was added in 2022 refers to a expansion of the logistics facility for large goods (furniture, etc.).

	Group	
Lease liability	**2022-12-31**	**2021-12-31**
Short-term debt	68 674	60 883
Long-term debt	431 811	432 212
Total	**500 485**	**493 095**

Right-of-use assets	**Byggnader**	**Byggnader**
Opening balance aquisition cost	613 693	613 693
Additional right-of-use assets	54 611	0
Terminated agreements	-7 615	0
Effects of adjusted rent	14 819	0
Total	**675 508**	**613 693**
Accumulated depreciation		
Opening balance	-122 678	-63 764
Terminated agreements	7 615	
Depreciation for the year	-64 692	-58 914
Total accumulated depreciation	**-179 755**	**-122 678**
Carrying amount	**495 754**	**491 015**

Revenues and expenses reported from leasing agreements	**2022-01-01 -2022-12-31**	**2021-01-01 -2021-12-31**
Income from subletting	4 575	4 142
Lease income in operating profit/loss	**4 575**	**4 142**
Lease cost:		
Variasble lease expenses	3 180	3 170
Short-term leases	2 850	2 574
Leases of assets of low value	435	210
Depreciation of right-of-use assets	64 692	58 914
Lease costs in operating profit/ loss	**71 157**	**64 868**
Interest costs on lease liabilities	**13 874**	**13 572**

The total cashflow during the year amounts to SEK 73.5 (66.8) million.

Note 10 Costs by type of cost

	Group		Parent Company	
	2022-01-01 -2022-12-31	2021-01-01 -2021-12-31	2022-01-01 -2022-12-31	2021-01-01 -2021-12-31
Goods for resale	1 665 729	1 630 323	0	0
Costs of employee benefits (Note 12)	403 522	362 691	0	7 756
Depreciation/amortisation and impairment (Note 15, 16, 17)	137 815	133 755	0	0
Costs of operating leases (Note 9)	71 157	64 868	0	0
Marketing costs	675 181	702 639	0	0
Shipping and packaging	383 357	361 775	0	0
Postage cost	5 074	13 801	0	0
Other costs	301 563	299 368	5 869	6 155
Total cost of goods sold, sales and administration	**3 643 398**	**3 569 221**	**5 869**	**13 911**

Note 11 Depreciation/amortisation and impairment by function

	Group	
	2022-01-01 -2022-12-31	2021-01-01 -2021-12-31
Cost of goods sold	51 585	46 897
Selling expenses	101 127	100 959
Administrative expenses	49 795	44 813
Total depreciation/amortisation and impairment	**202 507**	**192 669**

Note 12 Number of employees, salaries, other remuneration and social security costs

	2022-12-31		2021-12-31	
Number of employees	Number employees	Of which number of men	Number employees	Of which number of men
Parent company	0	0	2	2
Subsidiaries	602	225	602	223
Total	**602**	**225**	**604**	**225**

	Group		Parent company	
Breakdown of senior executives as at balance sheet date	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Women:				
directors	0	0	0	0
other management roles including CEOs	6	5	0	0
Men:				
directors	3	3	3	3
other management roles including CEOs	8	9	2	2
Totalt	**17**	**17**	**5**	**5**

	2022-01-01 -2022-12-31		2021-01-01 -2021-12-31	
Salaries, remuneration, etc.	Salaries and other remuneration	Social sec. costs (of which pension costs)	Salaries and other remuneration	Social sec. costs (of which pension costs)
The parent company	0	0	3 650	4 106
		(0)		(1 894)
Subsidiaries	267 780	135 742	246 016	108 919
		(40 880)		(29 551)
Total	267 780	135 742	249 666	113 025
		(40 880)		(31 445)

	2022-01-01 -2022-12-31		2021-01-01 -2021-12-31	
Salaries and remuneration by country and divided between Board members, etc. and other employees	The Board, CEO and other executives (of which of which variable compensation)	Other employees (of which of which variable compensation)	The Board, CEO and other executives (of which of which variable compensation)	Other employees (of which of which variable compensation)
Parent Company	0	0	3 650	0
	(0)	(0)	(0)	(0)
Subsidiaries				
Sweden	21 986	245 794	12 839	233 177
Total subsidiaries	**21 986**	**245 794**	**12 839**	**233 177**
	(3 904)	(700)	(0)	(0)
Total group	**21 986**	**245 794**	**16 489**	**233 177**

Of the Group’s pension costs, SEK 6,954,000 (7,188,000) relate to the Board, CEOs and other executives.
Of the Group’s recognised pension liability, SEK 190,000 (136,000) relates to the Group’s CEO.

REMUNERATION OF SENIOR EXECUTIVES

Guidelines

Fees are paid to the chairman and members of the board according to the decision of the general meeting.

The Annual General Meeting adopted the following guidelines for remuneration of management.

Remuneration of the CEO and other senior executives consists of basic salary, variable remuneration, other benefits, pensions, financial instruments, etc. Other senior executives refer to the 13 people who make up the Group management.

The allocation of basic salary and variable remuneration should be commensurate with the executive's responsibility and authority. The variable remuneration for CEOs and senior executives is capped at 50% of basic salary. Variable compensation is based on performance in relation to individual targets.

2021	Basic salary/ Board fee	Variable compensation	Other benefits	Pension costs	Synthetic options	Total
Chairman of the board Ricardo Turk from 2020-08-28 to 2021-08-17	0	0	0	0	0	0
Chairman of the Board Robert Furuhjelm from 2021-08-17	0	0	0	0	0	0
Board member Emmanuel Bracke until 2021-04-13	0	0	0	0	0	0
Board member Geert Jacobs from 2021-04-13 to 2021-08-17	0	0	0	0	0	0
Board member Morten Faye Eriksen from 2021-08-17	0	0	0	0	0	0
CEO Paul Lembrechts from 2020-08-28 to 2021-12-31	0	0	0	0	0	0
CEO Alain Hellbaut from 2021-12-31	0	0	0	0	0	0
Other senior executives (13 people)	15 718	0	772	7 188	1 266	24 944
	15 718	**0**	**772**	**7 188**	**1 266**	**24 944**

2022	Basic salary/ Board fee	Variable compensation	Other benefits	Pension costs	Synthetic options	Total
Chairman of the Board Robert Furuhjelm from 2021-08-17	0	0	0	0	0	0
Board member Morten Faye Eriksen from 2021-08-17	0	0	0	0	0	0
Board member Olof Faxander from 2022-06-30	0	0	0	0	0	0
CEO Alain Hellbaut from 2021-12-31 to 2022-03-31	0	0	0	0	0	0
CEO Hans Ohlsson from 2022-03-31	3 725	1 121	1 149	1 524	-4 157	3 363
Other senior executives (13 people)	14 357	2 783	3 195	5 430	-6 083	19 682
	18 082	**3 904**	**4 344**	**6 954**	**-10 240**	**23 044**

The CEO of Ellos Group has a retirement age of 65.
The retirement age of other senior executives varies between 62 and 68.

The company has a national pension plan, either via the ITP plan or through occupational pension insurance.

Severance pay

For the Group CEOs a notice period of 6 months applies, whether notice is given by the company or the CEO. Upon termination by the company, severance pay shall amount to 12 months' salary. Severance pay is not deducted from other income. Upon termination by the Group CEO, no severance pay shall be paid.

For other senior executives, the period of notice of termination by the company is 6-9 months. Upon termination by the company, severance pay shall amount to 0-6 months' salary. Severance pay is not deducted from other income. Upon termination by the senior executive, no severance pay shall be paid.

Incentive program

Below is a summary of the option programs found in the group.

Option program

During the year, the company has awarded a total of 63 907 warrants free of charge to employees including the CEO and other managers executives. The earnings conditions mean that the individuals annually for 3.5 years earns the right to these and where it is a requirement for employment during the respective period.

Syntethic options

The group previously had an option program regarding synthetic options that expired in 2022. Liabilities regarding synthetic options in the group amounts to SEK 0 (34.7) million. During the year, the group's results were affected by SEK 20.1 (-1.2) million regarding synthetic option liabilities of which SEK 10.2 (-1.3) million referred to the group's senior executives. This income has been reported in the financial result.

The Group values synthetic options based on an accepted valuation model (Black & Scholes). Decisive parameters in the option valuation are assumed market values for the company's share, the exercise price, the share's volatility and how long the remaining term of the option is.

Warrants	2022	
Statement of allocated warrants	Average price in SEK per warrant	Number of warrants
Per 1 January		
Allocated	1 100	63 907
Forfeited		
Redeemed		
Overdue		
Outstanding per 31 December	**1 100**	**63 907**
Redeemable per 31 December		
Remaining weighted average expected contract life of outstanding warrants at the end of the period		**39 months**

Fair value of allocated warrants

The calculated fair value on the grant date regarding warrants alloctaed in 2022 was SEK 61 per warrant. Fair value on the grant date is calculated using the Black-Scholes valuation model.

Inputs in the model for warrants allocated in 2022 were:
a) the warrants are awarded free of charge and vest annually over a three-year period. Vested warrants can be redeemed within 6 years of vesting
b) redemption price: SEK 1 100
c) allocation date: 30 September 2022
d) expected term has been set at 3.5 years
e) share price on the allocation day: SEK 184
f) expected volatility of the company's share price: 100%
g) expected dividend yield: 0
h) risk-free rate: 2.44%

The expected volatility of the share price is based on the historical volatility (based on the remaining term of the warrant), adjusted for the expected changes in future volatility as a result of available public information.

	Warrants 2022		
Option program	Number	Value SEK	Cost 2022 TSEK
CEO	16 393	61	28
Other senior executives	41 783	61	72
Other employees	5 731	61	10
Total	**63 907**	**61**	**110**

In addition, the participants have also acquired 54 194 warrants worth SEK 61, since these have been acquired at fair value, they do not constitute a benefit and thus no cost is reported for them.

Note 13 Financial income/expense

	Group		Parent Company	
Financial income	**2022-01-01 -2022-12-31**	**2021-01-01 –2021-12-31**	**2022-01-01 -2022-12-31**	**2021-01-01 –2021-12-31**
Interest income	10 091	7 926	8 170	12 879
Other financial income	7 307	9	7 308	0
Total	**17 398**	**7 935**	**15 478**	**12 879**

Interest income refers partly to interest on an account with a bank and partly to interest received during the year for the older receivables that were not sold to Resurs Bank 2013 (see additional information note 15). Other financial income refers to valuation of synthetic options.

	Group		Parent Company	
Financial expense	**2022-01-01 -2022-12-31**	**2021-01-01 –2021-12-31**	**2022-01-01 -2022-12-31**	**2021-01-01 –2021-12-31**
Interest expense	175 131	164 093	155 258	147 580
Exchange rate loss	51 198	1 032	52 772	0
Bank charges	33 602	18 672	27 838	12 833
Other financial expense	0	1 207	0	1 207
Total	**259 931**	**185 004**	**235 868**	**161 620**

Interest costs are attributable to financial liabilities valued at amortized cost and interest costs for the debt to group companies regarding a settlement agreement from 2020 which on 2021-12-31 was reported as a provision (see additional information in note 33). Bank charges include for 2022 a fee of SEK 15.0 million that was paid to the holders of the bond that the group has issued. The fee was paid as a result of the change in ownership that took place in the group during 2022.

Note 14 Income tax

Current tax	Group 2022-01-01 -2022-12-31	Group 2021-01-01 –2021-12-31	Parent Company 2022-01-01 -2022-12-31	Parent Company 2021-01-01 –2021-12-31
Tax on profit/loss for the year	-8 454	-14 623	0	0
Adjustments recognised in the current year relating to the tax of prior years.	-38 110	2 885	0	0
Total	**-46 564**	**-11 738**	**0**	**0**

Deferred tax	Group 2022-01-01 -2022-12-31	Group 2021-01-01 –2021-12-31	Parent Company 2022-01-01 -2022-12-31	Parent Company 2021-01-01 –2021-12-31
Uppskjuten skatt hänförlig till temporära skillnader:				
Market valuation derivatives	-175	87	0	0
Depreciation customer relationships and trademarks	20 441	20 459	0	0
Pension costs	-2 643	609	0	-521
Changes in unused loss carryforwards	7 160	-21 595	7 431	0
Accrued expenses	54	1 819	0	0
Other	-9	-4 304	0	0
Total	**24 828**	**-2 925**	**7 431**	**-521**
Total tax	**-21 736**	**-14 663**	**7 431**	**-521**

Income tax in Sweden is calculated at 20.6 (20.6) % on taxable income for the year. Tax in other jurisdictions is calculated at the rate applicable for each jurisdiction. Below is a reconciliation between the carrying amount and the tax expense for the year:

Reconciliation of tax expense for the year	Group 2022-01-01 -2022-12-31	Group 2021-01-01 –2021-12-31	Parent Company 2022-01-01 -2022-12-31	Parent Company 2021-01-01 –2021-12-31
Profit/loss before tax	-282 784	-133 491	-216 125	-147 421
Tax expense for the year	-21 736	-14 663	0	0
Tax calculated in accordance with Swedish tax rate (20,6%)	58 253	27 499	44 522	30 369
Tax effect foregin subsidiaries	-306	-497		0
Tax effect of non-deductible costs	-4 067	-775	-2 645	-244
Tax effect of non-taxable revenues	64	62	0	0
Tax effect of used negative net interest income/expense from Group companies	8 804	3 125	0	0
Tax effect of reversal of non-deductible interest	-43 672	-39 706	-34 526	-30 392
Tax effect depeciation intangible assetsd	2 478	2 366	0	0
Tax effect of previously unutilized loss carryforwards	-2 830	-7 331	80	267
Other	-2 350	-2 290	0	0
Total	**16 374**	**-17 548**	**7 431**	**0**
Adjustments recognised in the current year relating to current tax in prior years	-38 110	2 885	0	0
Recognised tax expense for the year	**-21 736**	**-14 663**	**7 431**	**0**

Tax recognised in other comprehensive income

Deferred tax	Group 2022-01-01 -2022-12-31	Group 2021-01-01 –2021-12-31
Actuarial gains and losses	-10 159	-282
Cash flow hedges		
Changes in value	-7 740	-11 523
Reversed to the income statement	15 633	169
Total	**-2 266**	**-11 636**

Note 15 Goodwil and intangible assets

	Group	
	2022-12-31	2021-12-31
Goodwill		
Opening aquisition value	677 039	677 039
Closing aquisition value	677 039	677 039
Reported value carried forward	**677 039**	**677 039**
Trademarks		
Opening aquisition value	448 428	448 428
Disposed trademarks for the year	-944	0
Closing aquisition value	-447 484	448 428
Opening amortisation	-2 173	-1 134
Amortisation for the year	-9	-1 039
Closing accumulated amortisation	-2 182	-2 173
Opening impairment	-944	0
Impairment for the year	0	-944
Disposed trademarks for the year	944	0
Closing accumulated impairment	0	-944
Reported value carried forward	**445 302**	**445 311**

	Group	
	2022-12-31	2021-12-31
Customer relations		
Opening aquisition value	662 022	662 022
Closing aquisition value	662 022	662 022
Opening amortisation	-197 030	-102 455
Amortisation for the year	-94 575	-94 575
Closing accumulated amortisation	-291 605	-197 030
Reported value carried forward	**370 417**	**464 992**
Capitalised expenditure		
Opening aquisition value	252 290	237 298
Aquisition for the year	25 475	18 649
Impairment for the year	-11 126	-3 657
Closing aquisition value	266 639	252 290
Opening amortisation	-148 124	-127 531
Amortisation for the year	-27 397	-23 379
Impairment for the year	3 387	2 785
Closing accumulated amortisation	-172 136	-148 124
Reported value carried forward	**94 503**	**104 165**
Total value carried forward	**1 587 261**	**1 691 507**

Capitalized expenses mainly pertain to the Group´s IT-related development projects.

In connection with FNG Nordic's acquisition of Ellos Group, part of the price has been allocated to customer relationships, brands and goodwill and a calculation of this was made in connection with the acquisition. Customer relationships are amortized on a straight-line basis over a seven-year period, while trademarks with a definable useful life have been written down to zero. The value of trademarks and goodwill with an indeterminable period of use is tested annually, as well as for indications regarding write-down needs exist.

Calculation of the value in use is based on the managements estimated future cash flows that cover a 5-year period and thereafter on discounted perpetual cash flows. The significant assumptions used in the assessment of future cash flows is budgeted operating margin, discount rate and long-term growth rate.

The operating margin is the estimated margin during the 5-year forecast period. It is determined based on the current operating margin adjusted for management's expectations and external sources of information.

The discount rate amounts to 12.2 (11.9) percent after tax and the calculation of which is based on the weighted average cost of capital (WACC).

The discount rate reflects market assessments of the time value of money and the asset's specific risks. With the assumptions reported above, the value in use exceeds the carrying amount of the cash-generating unit.

Budgeted growth rate is based on history and the growth plans that exist for the business. Growth during periods that extend beyond the 5-year period is estimated to amount to 2.0 (2.0) percent. Growth assumptions do not exceed the long-term growth rate for the industry.

Other operating expenses and operating income refer to sales expenses, administrative expenses and other income. These are determined based on experience of previous outcomes in combination with management's expectations.

Sensitivity analysis

Sensitivity analyzes are calculated to evaluate whether possible unfavorable changes could lead to a need for impairment. Reducing the long-term growth rate by two percentage point and increasing the WACC by one percentage point would not entail a need for impairment.

Note 16 Equipment, tools, fixtures and fittings

	Group	
	2022-12-31	2021-12-31
Opening aquisition value	170 679	135 644
Aquisition for the year	4 050	7 087
Reclassifications	4 517	34 278
Sold this year	0	-1 413
Disposals for the year	-2 964	-4 917
Closing aquisition value	176 282	170 679
Opening depreciation	-113 442	-109 533
Depreciation for the year	-10 970	-9 044
Sold this year	0	306
Disposals for the year	1 986	4 829
Closing accumulated depreciation	-122 426	-113 442
Reported value carried forward	**53 856**	**57 237**

Note 17 Investments in leased property

	Group	
	2022-12-31	2021-12-31
Opening aquisition value	96 936	95 228
Investments for the year	0	0
Disposals for the year	-377	0
Reclassifications	851	1 707
Closing aquisition value	97 409	96 935
Opening depreciation	-24 237	-19 463
Depreciations for the year	-4 864	0
Disposals for the year	56	-4 774
Closing accumulated depreciation	-29 045	-24 237
Reported value carried forward	**68 364**	**72 698**

Note 18 Construction in progress within property, plant and equipment

	Group	
	2022-12-31	2021-12-31
Opening aqusition value	51	7 141
Investments for the year	8 405	28 898
Reclassifications	-5 368	-35 986
Disposals for the year	0	-2
Closing aqusition value	3 088	51
Reported value carried forward	**3 088**	**51**

Note 19 Participations in Group companies

	Parent Company	
	2022-12-31	2021-12-31
Opening aqusition value	2 369 788	1 669 288
Revaluation of shares in subsidiaries	0	700 000
Acquisition of subsidiaries	0	500
Free warrants	109	0
Reported value carried forward	**2 369 897**	**2 369 788**

In 2022, Ellos Group Nordic AB has acquired the shares in Ellos Group Holding AB, which will then become a sub-subsidiary company of Ellos Group AB. Group company Ellos 3 AS (former Stayhard AS) has been sold by Ellos 1 AB (former Stayhard Holding AB) to Ellos Norway AS during 2022.
During 2022, senior executives employees in the group's subsidiaries received free warrants in the parent company Ellos Group AB. In 2021, the subsidiary Ellos Group Nordic AB (former Ellos Group AB) has been acquired and the shares in Ellos Group Holding AB have been written up through a bonus issue.

Subsidiary	Corporate identity number	Registered office	Equity share %	Equity share %
Ellos Group Nordic AB	559318-3618	Stockholm	100%	100%
FNG Nordic Buying Platform BV	0739.663.008	Mechelen, Belgium	100%	100%

The Group also includes the following sub-subsidiaries

Sub-subsidiary	Corporate identity number	Registered office	Equity share %	Equity share %
Ellos Group Holding AB	556857-8511	Stockholm	100%	100%
Ellos Holding AB	556831-9114	Stockholm	100%	100%
Ellos Group Sweden AB	556217-1925	Borås	100%	100%
Ellos AB	556044-0264	Borås	100%	100%
Jotex Sweden AB	556249-7106	Borås	100%	100%
Ellos Finland OY	1442131-6	Helsingfors, Finland	100%	100%
Ellos Finland OY filial	516411-6237			
Ellos Norway Holding AS	879478642	Oslo, Norge	100%	100%
Ellos Norway AS	832005622	Oslo, Norge	100%	100%
Ellos Norway AS filial	516411-6278			
Ellos Denmark A/S	24927814	Köpenhamn, Danmark	100%	100%
Ellos Denmark A/S filial	516411-6153			
Ellos 1 AB (fd Stayhard Holding AB)	556783-8858	Borås	100%	100%
Ellos 2 AB (fd Stayhard AB)	556713-8077	Borås	100%	100%
FAAD AB	559027-6407	Borås	100%	100%

Note 20 Trade receivables

	Group	
	2022-12-31	2021-12-31
Trade receivables, gross	64 325	44 915
Provision for uncertain receivables	-1 783	-925
Total	**62 542**	**43 990**

Trade receivables are amounts attributable to customers in respect of goods sold or services performed in the ordinary course of operations. Trade receivables normally fall due for payment within 0-30 days and all trade receivables have therefore been classified as current assets. Trade receivables are initially recognised at the transaction price. Invoice receivables and partial payment receivables arising in the course of the Group's business are sold to Resurs Bank on a daily basis, which is why the amount of trade receivables recognised as at the balance sheet date is fairly low in relation to the operations.

	Group	
Provision for doubtful debts	2022-12-31	2021-12-31
Provision for doubtful receivables at the beginning of the year	-925	-710
Realised doubtful debts, net	-858	-215
Total	**-1 783**	**-925**

Group 2021

Age analysis trade receivables	Trade receivables gross	of which Resurs	of which B2B	of which creditcard	of which at a collection agency	of which other	Provision doubtful trade receivables	of which Resurs	of which B2B	of which creditcard	of which at a collection agency	of which other	Trade receivables net
Not due	36 005	16 095	9 637	7 549	0	2 724	-199	0	-111	-61	0	-27	35 806
Past due 30 days	608	0	719	-135	0	25	-12	0	-11	1	0	-2	596
Past due 31-60 days	74	0	283	-238	0	29	-5	0	-5	2	0	-2	69
Past due 61-90 days	-51	0	57	-113	0	4	0	0	-1	1	0	0	-51
Past due > 90 days	8 279	0	509	-13	7 857	-74	-709	0	-8	0	-702	1	7 570
Summa	**44 915**	**16 095**	**11 205**	**7 050**	**7 857**	**2 708**	**-925**	**0**	**-136**	**-57**	**-702**	**-30**	**43 990**

Group 2022

Age analysis trade receivables	Trade receivables gross	of which Resurs	of which B2B	of which creditcard	of which at a collection agency	of which other	Provision doubtful trade receivables	of which Resurs	of which B2B	of which creditcard	of which at a collection agency	of which other	Trade receivables net
Not due	52 676	13 288	24 951	11 227	0	3 210	-417	0	-286	-104	0	-27	52 258
Past due 30 days	3 219	556	2 943	-294	0	14	-46	0	-47	3	0	-1	3 173
Past due 31-60 days	476	0	544	-69	0	1	-8	0	-9	1	0	0	468
Past due 61-90 days	-16	0	78	-99	0	5	-1	0	-1	1	0	-1	-16
Past due > 90 days	7 970	0	1 299	2	6 820	-151	-1 311	0	-351	0	-959	-1	6 659
Summa	**64 325**	**13 844**	**29 815**	**10 767**	**6 820**	**3 079**	**-1 783**	**0**	**-694**	**-100**	**-959**	**-30**	**62 542**

Because the Group sells the majority of its receivables daily to Resurs Bank, which also pays the Group for these on a daily basis, the Group's outstanding credit risk of this receivables is limited. A part of receivables not due for payment, SEK 13.3 (16.1) million, refers to receivables in Resurs Bank of which SEK 5.4 (6.8) million are paid and recognised at bank the following day.

Ellos Group has some partners (B2B customers) where the credit risk is assessed as low.

Non-overdue credit card payments SEK 11.2 (7.5) million are normally received within a few days.

In 2013, Ellos Group sold its invoice and split payment receivables for the brands Ellos and Jotex, excluding receivables transferred to collection agencies, to Resurs Bank AB and the Group sells the invoice and split payment receivables arising in the e-commerce business to Resurs Bank AB on a daily basis, which means that the Group's remaining trade receivables primarily relate to corporate customers and debt recovery receivables. The majority of trade receivables past due more than 90 days, SEK 6.8 (7.9) million, comprise receivables not sold to Resurs Bank AB in 2013 and are reported to fair value during Ellos Group ABs acquisition of Ellos Group. The company estimates that payment will be obtained for the majority of the trade receivables that are past due but not impaired because the customers' payment history shows that payments have been made and are continuing to be made.

Note 21 Inventory

	Group	
	2022-12-31	2021-12-31
Goods in transit	96 391	120 908
Goods for resale	603 541	617 733
Total	**699 932**	**738 641**

The inventory carrying cost in December amounted to SEK 1 665.7 (1 630.3) million and was reported on the line for cost of goods sold. Inventories were valued at the lowest of cost and net realisable value. Obsolescence was taken into account when determining the value to be compared with cost. Obsolescence means that the value of goods has declined, for instance because goods have become damaged, are no longer trendy or are surplus to requirements. The realisable value of obsolescent goods was measured as the reduced sales price at which it was estimated the goods could be sold.

Return assets are reported as a separate item in the balance sheet, which is an estimated inventory asset based on what has been estimated that customers will return in 2023 for sales reported in 2022. This return right asset amounts to SEK 16.3 (12.6) million.

Note 22 Accrued income

	Group	
	2022-12-31	2021-12-31
Accrued income	33 295	32 866
Total	**33 295**	**32 866**

The items recognised as accrued income by the Group primarily comprise the additional purchase consideration received from Resurs Bank in respect of the trade receivables sold to the latter on a daily basis.

Not 23 Other currrent receivables

During 2021, the Group changed card-redeeming company and the new company retains some of the cash that goes through them as a deposit. The deposit that the company contains has decreased in 2022 and now amounts to SEK 5.5 (41.8) million.

Note 24 Prepaid expenses

	Group		Parent Company	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Prepaid trade payables	31 909	30 635	1 112	452
Accrued forward points	2 944	836	0	0
Other	1 570	789	0	0
Total	**36 423**	**32 260**	**1 112**	**452**

Note 25 Cash and cash equivalents

	Group		Parent Company	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Cash and bank	157 524	196 302	6 590	3 161
Total	**157 524**	**196 302**	**6 590**	**3 161**

Cash at bank refers to the Group's cash and cash equivalents at banks.

Note 26 Share capital

The Parent Company's share capital amounts to SEK 500,000, divided into 500,000 shares. The quota value thus amounts to SEK 1. All shares are of the same class, fully paid and entitled to one vote.

In 2021, the share capital has been increased, through a bonus issue, by SEK 700 million as a result of a revaluation of shares in subsidiaries. Thereafter, the share capital was again written down by SEK 700 million, which was transferred to retained earnings.

Note 27 Other contributed capital - Group

Other contributed capital consists partly of shareholder contributions received during 2019 and 2020, SEK 679.9 million, and the capital paid for warrants during 2022, SEK 3.3 million. In total, Other contributed capital amounts to SEK 683,206 thousand.

Note 28 Reserves - Group

The translation reserve relates to currency translation differences when foreign operations are translated into SEK, which are recognised in other comprehensive income.

The hedging reserve relates to the effective portion of the cumulative change in the fair value (net) of cash flow hedging instruments, which is recognised in other comprehensive income.

Note 29 Current borrowings -interest-bearing

	Group	
	2022-12-31	2021-12-31
Revolving credit	89 479	0
Total	**89 479**	**0**

Current liabilities to credit institutions of SEK 89.5 (0.0) million refer to the utilized part of the Group's revolving credit facility with bank. The total limit for this credit facility is SEK 350 million. See Note 30 for further information.

Note 30 Non- current borrowings -interest-bearing

The Group has issued a bond with a nominally value of SEK 1,500 million. The bond has a maturity of 5 years from issue on 25 July 2019 and the coupon is 3 month stibor + 6.75%. The bond is to be repaid in full on the maturity date. The Group also has credit facilities with bank involving a revolving credit facility of SEK 350 million. The credit facility of SEK 350 million in the bank was used on the balance sheet date with SEK 89.5 (0.0) million and the bank also had issued guarantees in favor of the group worth SEK 146.5 (155.2) million. Unused facility at balance sheet date was SEK 114.0 (194.8) million. Note 29 shows the used amounts as at the balance sheet date and Note 4 contains information on the Group's interest-bearing liabilities and contractual terms and the credit and interest risks the Group is exposed to as a result of the liabilities.
Note 35 contains information on collateral.

Note 31 Deferred tax

Temporary differences exist in cases where the carrying amount and the taxable value of assets or liabilities differ. The Group's temporary differences have resulted in deferred tax liabilities and deferred tax assets for the following items:

	Group	
	2022-12-31	2021-12-31
Deferred tax assets		
Pension obligations	7 523	20 325
Accrued expenses	4 454	4 379
Tax loss carryforwards	12 466	5 122
Derivatives - cash flow hedges	3 121	0
Other	0	0
Total	**27 563**	**29 826**
Deferred tax liabilities		
Intangible assets - trademarks and customer relationships	166 502	186 943
Derivatives - cash flow hedges	0	4 596
Other	4 161	4 154
Total	**170 664**	**195 693**
Total deferred tax assets and liabilities, net	**-143 100**	**-165 867**

Tax loss carryforwards were measured at SEK 12.5 (5.1) million and relate to losses accrued in the Group up until the balance sheet date. A deferred tax asset has been reported as the assessment is that these losses can be used against taxable surpluses, in addition to surpluses due to the reversal of existing taxable temporary differences, in the foreseeable future. The losses can be found in Sweden and Norway.
The company in Norway with deferred tax losses has during January 2023 been merged with Ellos Norway AS, which has a history with positive result.

Changes to deferred tax assets and liabilities during the year are shown below:

Group	Deferred tax asset					
Changes to deferred taxes	**Pension obligations**	**Accrued costs**	**Derivative cash flow hedges**	**Unused loss carryforwards**	**Other**	**Total**
Opening balance 1 January 2021	19 998	2 502	6 671	26 500	1 533	57 204
Transfered to deferred tax liability	0	0	-6 671	0	-1 533	-8 204
Recognised in the income statement	609	1 819	0	-21 595	0	-19 167
Recognised in other comprehensive income	-282	0	0	0	0	-282
Currency translation differences	0	58	0	217	0	275
Closing balance 31 december 2021	**20 325**	**4 379**	**0**	**5 122**	**0**	**29 826**

Group	Deferred tax asset					
Changes to deferred taxes	**Pension obligations**	**Accrued costs**	**Derivative cash flow hedges**	**Unused loss carryforwards**	**Other**	**Total**
Opening balance 1 January 2022	20 325	4 379	0	5 122	0	29 826
Transfered from deferred tax liability	0	0	-4 597	0	0	-4 597
Recognised in the income statement	-2 643	54	-175	7 160	0	4 396
Recognised in other comprehensive income	-10 159	0	7 893	0	0	-2 266
Currency translation differences	0	21	0	183	0	204
Closing balance 31 december 2022	**7 523**	**4 454**	**3 121**	**12 465**	**0**	**27 563**

Group	Deferred tax liability			
Changes to deferred taxes	Intangible assets	Derivative cash flow hedges	Other	Total
Opening balance 1 January 2021	207 402	0	1 382	208 784
Transfered from deferred tax asset	0	-6 671	-1 533	-8 204
Recognised in other comprehensive income, adjustment of opening balance	0	11 354	0	11 354
Recognised in the income statement	-20 459	-87	4 305	-16 241
Closing balance 31 december 2021	**186 943**	**4 596**	**4 154**	**195 693**

Group	Deferred tax liability			
Changes to deferred taxes	Intangible assets	Derivative cash flow hedges	Other	Total
Opening balance 1 January 2022	186 943	4 596	4 154	195 693
Transfered to deferred tax asset	0	-4 596	0	-4 596
Recognised in the income statement	-20 441	0	7	-20 434
Closing balance 31 december 2022	**166 502**	**0**	**4 161**	**170 663**

Note 32 Employee benefits

The Group’s pension commitments include both defined contribution and defined benefit pension plans.

Defined contribution plans:
The Group’s defined contribution plans are in Sweden.

Total costs for the Group’s defined contribution plans for the financial year amounted to SEK 11.9 (13) million.

Defined benefit pension plans that cover several employers - The Alecta plan:
For salaried employees in Sweden, the ITP 2 plan’s defined-benefit pension commitments for old-age and family pensions are secured through insurance with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10 Classification of ITP plans financed by insurance in Alecta, this is a defined benefit plan that covers several employers. For the financial year 2022, the company did not have access to information in order to be able to report its proportionate share of the plan’s obligations, plan assets and costs, which meant that the plan was not possible to report as a defined benefit plan. The ITP 2 pension plan, which is secured through insurance with Alecta, is therefore reported as a defined contribution plan. The premium for the defined-benefit old-age and family pension is calculated individually and is, among other things, dependent on salary, previously earned pension and the expected remaining period of service. Expected fees next financial year for ITP 2 insurances taken out with Alecta amount to approximately SEK 8 (8) million. The Group’s share of the total fees to the plan and the Group’s share of the total number of active members in the plan amounts to an insignificant share.

The collective consolidation level consists of the market value of Alecta’s assets as a percentage of the insurance commitments calculated according to Alecta’s actuarial methods and assumptions, which do not comply with IAS 19. The collective consolidation level should normally be allowed to vary between 125 and 175 percent. In order to strengthen the level of consolidation if it is deemed to be too low, one measure may be to increase the agreed price for new subscriptions and extensions of existing benefits. If the consolidation level exceeds 150 percent, premium reductions can be introduced. At the end of 2022, Alecta’s surplus in the form of the collective consolidation level1 amounted to 172 percent (172 percent).

Defined benefit pension plans
In Sweden, salaried employees born on or before 1978 are covered by the ITP 2 plan. ITP 2 includes retirement pensions, disability and survivor benefits. The retirement benefit in ITP 2 is defined benefit and the benefit is based on the employee’s final salary, and provides 10% of final salary between 0 and 7.5 income base amounts, 65% of salary between 7.5 and 20 income base amounts and 32.5% of salary between 20 and 30 income base amounts. As at 31 December 2022, one income base amount was SEK 71,000 (68,200). The Group’s obligation in respect of ITP 2 is financed by the Group, that is, the Group manages the pension assets until it is time to pay out pensions. The Group’s intention is that pension assets will act as a long-term source of funding, while employee pensions are also guaranteed. Thus, ITP 2 constitutes a so-called unfunded pension plan.

The latest actuarial calculation of the present value of the defined benefit obligation was carried out by PRI Pensionsgaranti. The present value of the defined benefit obligation and the related service costs for the current period, as well as service costs from previous periods, have been calculated using the Projected Unit Credit Method.

The plan exposes the Group to a multitude of actuarial risks, such as interest rate risk, risk related to life expectancy, the development of the income base amount as well as investment risk.

The principal actuarial assumptions, by country, are presented below:

	Group	
	2022	2021
Discount rate	3,70%	1,90%
Expected salary increase	0,00%	0,00%
Inflation	2,00%	2,20%
Income base amount increase/decrease	0,00%	0,00%
Life span	DUS14	DUS14

Assumptions regarding life expectancy are based on official statistics and experience from mortality estimates in Sweden made by actuarial experts. The changes made in assumptions as above have resulted in an impact of SEK 49.2 (0.3) million.

	Group	
Amounts recognised in income statement	**2022**	**2021**
Employment costs during the current period	0	0
Employment costs from previous periods	0	0
Effects of adjustments	0	0
Net interest costs	2 730	1 720
The defined benefit costs recognised in profit/loss for the year	**2 730**	**1 720**

The defined benefit costs were recognised as personnel costs in the consolidated income statement.

	Group	
Amounts recognised in other comprehensive income	**2022**	**2021**
Remeasurement of the net defined benefit liability:		
Actuarial gains and losses arising from changes to financial assumptions	-49 185	-272
Actuarial gains and losses arising from changes to experience	12 143	-682
Total amount recognised in other comprehensive income	**-37 042**	**-954**
Total	**-34 312**	**766**

Amounts recognised in the balance sheet for defined benefit pension obligations.

	Group	
	2022-12-31	2021-12-31
Unfunded pension obligations including payroll tax	113 373	162 938
Net unfunded and funded pension obligations	**113 373**	**162 938**

Net changes in the defined benefit obligation for the period:

	Group	
	2022-12-31	2021-12-31
Defined benefit obligations at the beginning of period	162 938	165 236
Assumed obligations from business combinations	0	0
Employment costs during the current period		
Net interest expense	2 730	1 720
Actuarial gains (-) and losses related to:		
Effects of adjustments	-49 314	-1 371
Pension payments	-2 981	-2 647
Defined benefit obligations at the end of the period	**113 373**	**162 938**

Sensitivity analysis

The most significant actuarial assumptions used in the calculation of the defined benefit obligation are the discount rate, inflation and life expectancy assumptions. Below is a sensitivity analysis showing how feasible changes in these assumptions could affect the reported net defined benefit liability (minus sign (-) refers to reduced liability):

	Group	
	2022	2021
Change in discount rate + 0.5%	-8 635	-13 758
Change in discount rate -0.5%	9 761	15 790
Change in inflation + 0.5%	9 779	15 508
Change in inflation -0.5%	-8 715	-13 646
Change in life expectancy assumption + 1 year	3 205	5 518

When assessing the sensitivity analysis presented above, it is important to consider that it is unlikely that changes in an assumption would take place in isolation from changes in other actuarial assumptions. This is because certain assumptions can be assumed to correlate with each other and to some extent have opposite effects on the defined benefit obligation. Furthermore, the Projected Unit Credit Method is used to calculate the present value of the defined benefit obligation, which is the same as that used in the calculation of the liability in the Group's balance sheet. There has been no change to the method or assumptions used in preparing the sensitivity analysis compared to previous years.

The Group calculates that it will pay SEK 3.9 (3.0) million in premiums in the following year in respect of the Group's defined benefit plan.

Note 33 Provisions

	Group		Parent Company	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Restructuring provision	6 111	0	0	0
Settlement amount	0	401 372	0	401 372
Accrued interest on settlement amount	0	44 866	0	44 866
Total	**6 111**	**446 238**	**0**	**446 238**

During the year, the business relating to the Stayhard brand has been sold and a decision has been made to close down the store in Kristianstad. A provisions for costs in connection with restructuring carried out in the group have been reported where decisions have been made in 2022 and has, where applicable, been communicated to employees. The restructuring reserve mostly consists of personnel costs and others costs incurred when the store closes.

Ellos Group AB (publ) and its former group parent company FNG NV has entered into a settlement agreement relating to the previously published arbitration proceedings in which the previous owners of Ellos Group had made claims against FNG NV and Ellos Group AB for breach of certain conditions in the acquisition documents regarding FNG's acquisition of Ellos Group. Ellos Group AB will at a later stage become liable for payment of EUR 40 million, which is why these have been booked in the company and reported in Other costs as a settlement amount of SEK 401,372 thousand and as a provision in the balance sheet. (See additional information in note 8). During 2022, Cidron e-Com S.á.r.l. by utilizing its pledge, took over the shares in Ellos Group AB and the previous provision is reported as of 2022-12-31 as current liabilities to group companies.

The settlement amount runs with interest calculated and booked as a financial expense.

Note 34 Accrued expenses

	Group		Parent Company	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Accrued salaries	1 594	1 577	0	0
Accrued holiday pay	44 598	46 319	0	0
Accrued social security contributions	9 246	6 898	0	0
Accrued liability, specifically payroll tax	10 110	7 376	0	172
Accrued custom liabilities	22 775	19 540	0	0
Accrued freight costs	12 193	16 498	0	0
Accrued marketing cost	49 569	48 481	0	0
Accrued interest expenses	24 228	19 209	23 902	18 844
Other invoices allocated over time, etc.	44 369	45 347	1 878	527
Total	**218 682**	**211 245**	**25 780**	**19 543**

Note 35 Pledged assets and contingent liabilities

	Group		Parent Company	
Pledged assets	**2022-12-31**	**2021-12-31**	**2022-12-31**	**2021-12-31**
Pledged shares in subsidiaries	7 066 669	4 813 182	2 369 897	2 369 286
Corporate mortgages	11 168 710	10 970 443	0	0
Other	50	707	50	50
Total	**18 235 429**	**15 784 332**	**2 369 947**	**2 369 336**

	Group		Parent Company	
Contingent liabilities	**2022-12-31**	**2021-12-31**	**2022-12-31**	**2021-12-31**
Guarantee	-	-	-	-
Guarantee to PRI	1 704	1 438	0	0
Total	**1 704**	**1 438**	**0**	**0**

The Group has been granted credit by bank amounting to a total of SEK 350 million and the Group has also issued a bond of SEK 1,500 million. As security for these credits, the parent company and the group have pledged the shares in all the group's subsidiaries and sub-subsidiaries. The Group's companies have also provided a general unlimited guarantee of SEK 317.6 (201.0) million. In addition, there are corporate mortgages in some of the Group's companies.

In 2021, the Group received a decision following an ongoing tax audit in the subsidiary Ellos Finland OY. This decision has been appealed, but no renewed information has yet been received from the Swedish Tax Agency. The Group believes that there are good opportunities for a positive outcome. The remark refers to whether VAT is to be levied in the company's financial operations and refers to the years 2018 and 2019. The Finnish Tax Agency has imposed VAT on the company for the two years with a total of EUR 1.2 million (SEK 11.7 million). If the corresponding approach were to be applied to 2020, 2021 and 2021 revenues, this would mean that additional VAT of EUR 0.4 million (SEK 4.3 million), EUR 0.3 million (SEK 3.2 million) and EUR 0.2 million (SEK 2.6 million) , respectively, would have to be paid.

Note 36 Related party transactions

Transactions between companies that are subsidiaries in the Ellos Group AB (publ) group, which are related parties, have been eliminated in the consolidation and information on these transactions is therefore not disclosed in this note. Cidron e-Com S.à.r.l has a controlling interest in FNG Nordic AB (publ). Information on transactions between the Group and other related parties is presented below.

Sales and purchases of goods and services took place on market terms.

Loans to related parties

The Group has not provided any loans to people in the circle of related parties. Related party relationships exist with persons in key senior management roles; information about this is shown in Note 12 Employees and personnel costs.

Remuneration of senior executives

No remuneration was paid to the Group's senior executives, except salaries and other remuneration as stated in Note 12.

The company has issued an option program for people in senior positions. The options are acquired at market value. See further information in Note 12.

Other

No dividends were paid out during the financial years 2021 and 2022.

Parent Company

Net sales recognised in the Parent Company consist solely of intra-Group sales.

Note 37 Alternative key figures - motivation, derivation and definition

MOTIVATION

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.

DERIVATION

	Group	
GROSS PROFIT IN MSEK	**2022-01-01 -2022-12-31**	**2021-01-01 -2021-12-31**
Net sales	3 611.7	3 589.1
Cost of goods sold	-1 793.3	-1 745.6
Gross profit	**1 818.4**	**1 843.5**

	Group	
GROSS MARGIN %	**2022-01-01 -2022-12-31**	**2021-01-01 -2021-12-31**
Gross Profit in MSEK	1 818.4	1 843.5
Net sales in MSEK	3 611.7	3 589.1
Gross margin	**50.3**	**51.4**

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

	Group	
EBITA AMOUNT IN MSEK	**2022-01-01 -2022-12-31**	**2021-01-01 -2021-12-31**
Operating profit/loss	-40.3	43.6
Amortization and impairment of acquisition-related intangible assets (Trademarks, Customer relationships)	94.6	96.5
EBITA	**54.3**	**140.1**

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

	Group	
ADJUSTED EBITA, AMOUNT IN MSEK	**2022-01-01 -2022-12-31**	**2021-01-01 -2021-12-31**
Operating profit/loss	-40,3	43.6
Amortization and impairment of acquisition-related intangible assets (Trademarks, Customer relationships)	94,6	96.5
Non-recurring items		
Restructuring costs	15,5	0.0
Strategic cost	1,1	31.6
Repayment Fora	0,0	-10.4
Incentive program	9,2	0.0
Adjusted EBITA	**80,1**	**161.4**

Adjusted EBITA shows the operating profit/loss before amortization, of acquisition-related intangible assets adjusted for non-recurring items. Non-recurring items refers to the items that are separated from usual business. Management believes that non-recurring items should be shown as they otherwise make comparability between periods more difficult.

ADJUSTED EBITA MARGIN, %	Group 2022-01-01 -2022-12-31	2021-01-01 -2021-12-31
Net sales, amount in MSEK	3 611.7	3 589.1
Adjusted EBITA amount in MSEK	80.1	161.4
Adjusted EBITA-margin	**2.,2**	**4.5**

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

OPERATING PROFIT, MSEK	Group 2022-01-01 -2022-12-31	2021-01-01 -2021-12-31
Profit/loss before tax	-282.8	-133.5
Financial items	-242.5	-177.1
Operating profit/loss	**-40.3**	**43.6**

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

OPERATIN MARGIN %	Group 2022-01-01 -2022-12-31	2021-01-01 -2021-12-31
Operating profit/loss, in MSEK	-40.3	43.6
Nett sales in MSEK	3 611.7	3 589.1
Operating margin	**-1.1**	**1.2**

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

NET DEBT, AMOUNT IN MSEK	Group 2022-12-31	2021-12-31
Interest-bearing liabilities, long-term, excluding pension liabilities and lease liabilities	1 479.9	1 467.2
Interest-bearing liabilities, short-term	89.5	0.0
Cash and cash equivalents	-157.5	-196.3
Net debt	**1 411.8**	**1 270.9**

Net debt/net asset comprises interest-bearing long-term and short-term liabilities excluding pension liabilities, lease liabilities and liabilities to group companies. Management manages the measures net debt and debt / equity ratio to analyze that the Group meets its debt indebtedness targets. The debt/net asset indicates the extent to which the group is willing to indebt its business.

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/loss: 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.

Non-recurring item: 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.

Netdebt/net asset: Interest-bearing liabilities (excluding pension liabilities, lease liabilities and liabilities to group companies) less cash and cash equivalents 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.

Note 38 Events after the balance sheet date

At an extraordinary general meeting on January 1, 2023 it was decided on a new Board of Directors. The new Board members, with the exception of Terese Ahrens, have until today been on the Board of Directors of Ellos Group's two subsidiaries, Ellos Group Holding AB (publ) and Ellos Group Nordic AB (publ). The new Board of Directors replaces Robert Furuhjelm (former Chairman of the Board), Olof Faxander (former Board member) and Morten Faye Eriksen (former Board member). The changes are due to certain intra-group restructurings to facilitate governance of the group.

The Board of Directors of Ellos Group AB (publ) consists of:
- Arthur Engel (Chairman of the board)
- Robert Furuhjelm (Board member)
- Patrik Illerstig (Board member)
- Kristina Schauman (Board member)
- Hans Lindau (Employee representative)
- Åsa Tobrant (Employee representative)
- Terese Ahrens (Deputy Board member)
- Karin Berg (Deputy Board member, Employee representative)
- Satu Tervo (Deputy Board member, Employee representative)

Note 39 Appropriation of the company's profit or loss

Amount at the disposal of the Annual General Meeting:
Retained earnings of SEK 678,577,400 and loss for the year of SEK -208,693,716.
The Board of Directors proposes that SEK 470,383,684 be carried forward.

Note 40 Approval of financial statements

The Annual Report was adopted by the Board of Directors on March 31 2023 and approved for publication on April 5 2023.

Borås on April 5 2023

Arthur Engel
Chairman of the board

Hans Ohlsson
CEO

Robert Campbell Furuhjelm
Board member

Patrik Illerstig
Board member

Kristina Schauman
Board member

Hans Lindau
Employee representative

Åsa Tobrant
Employee representative

We submitted our Auditor’s Report on April 5 2023

Ernst & Young Aktiebolag

Andreas Mast
Authorised Public Accountant

Auditor's report

To the general meeting of the shareholders of Ellos Group AB, corporate identity number 559175-1325

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Ellos Group AB (publ) except for the corporate governance statement on pages 17 and the statutory sustainability report on pages 7-16 for the financial year 2022.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of December 31 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of December 31 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 17 and the statutory sustainability report on pages 7-16. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements

Revenue recognition and valuation of returns

Description	*How our audit addressed this key audit matter*
As indicated in the income statement of the accompanying consolidated financial statements, the Group's net sales during fiscal year 2022 amounted to 3 612 MSEK. Revenue is mainly generated from sales of goods to end consumers through e-commerce. Revenue is recognized when it is considered likely that payment will be received and when all risks have been transferred from seller to buyer. Revenue recognition is associated with subjective evaluation in terms of accounting for returns. The repayment debt for the Group at 31st of December 2022 amounted to MSEK 32. As a result of the high level of assumptions used calculating the returns in conjunction with the large amount we have assessed that revenue recognition and valuation of returns is a key audit matter. The Group's accounting principles regarding revenue are set out in Note 2.	In response to this key audit matter we have reviewed Ellos Group's processes and procedures for revenue recognition. We have performed analytical reviews, including historical comparisons and data analysis, as well as random checks of accruals in connection with the financial statements. We have reviewed procedures for collecting accounts receivable and handling doubtful accounts receivable. We have also reviewed assessments, calculations and estimations related to returns. We have reviewed the information disclosed in the annual report.

Valuation of inventory

Description	*How our audit addressed this key audit matter*
As indicated in note 22 to the accompanying consolidated financial statements, the value of the Group's inventories at 2022 Year-End was 700 MSEK. Inventories consist of clothing, furniture and other consumer goods for sale and are valued using the first-in-first-out principle, at the lower of cost and net realizable value. The value of inventory depends on management's assessments regarding slow moving and obsolete goods. Based on the above, we have assessed the valuation of inventories as a key matter of our audit. The Group's accounting principles regarding inventories are disclosed in note 2. Information on inventories is also found in Note 21.	We have reviewed the Group's procedures for monitoring and assessing slow-moving and obsolete goods. We conducted an analytical review, including historical comparisons and data analysis, to identify slow-moving and obsolete goods and evaluated the Group's assessment of a possible need for reservations. We have reviewed the information disclosed in the annual report.

Valuation of goodwill and trademarks

Description	*How our audit addressed this key audit matter*
Goodwill and trademarks amount to 1 122 MSEK for the year ended December 31, 2022, equal to 33 percent of total assets for the company. The company prepares an impairment test yearly and if any indication of impairment, that the book value does not exceed the fair value. Fair value amount is calculated for each cash generating unit based on discounted future cash flows. The calculations al include a number of assumptions as result, growth rate and discount rate. A change in assumptions can lead to a significant impact of the fair value and therefore the assumptions used have significant impact on the fair value calculation. Therefore, we have assessed valuation of goodwill to be a key audit matter. The impairment test procedures performed by the company is presented in note 15 "Intangible assets".	In our audit, we have assessed and tested the company's impairment test, including assessment of the accuracy of prior year´s forecasts and assumptions. We have compared with other companies to assess the reasonableness of estimated cash flow and growth rates, and by using EY valuation experts we have tested used discount rate and growth rates. We have also tested the company's impairment model and method to prepare the impairment test and sensitivity analysis. We have audited the accuracy of the related disclosures.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 7-17. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibilities for the audit of the annual accounts and the consolidated accounts is located at the Swedish Inspectorate of Auditors website. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Report on the audit of the administration and the proposed appropriations of the company's profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Ellos Group AB (publ) for the financial year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated (loss be dealt with) in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibilities for the audit of the administration is located at the Swedish Inspectorate of Auditors website. This description forms part of our auditor's report.

The auditor's examination of the ESEF report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Ellos Group AB for the financial year 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the ESEF report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 *Examination of the ESEF report*. Our responsibility under this recommendation is described in more detail in the *Auditors' responsibility* section. We are independent of Ellos Group AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 17 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s standard RevR 16 *The auditor´s examination of the corporate governance statement*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

The auditor´s opinion regarding the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report on pages 7-16, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 *The auditor´s opinion regarding the statutory sustainability report*. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

Ernst & Young AB, was appointed auditor of Ellos Group AB (publ) by the general meeting of the shareholders on June 30, 2022 and has been the company's auditor since November 26, 2019.

Göteborg, April 5, 2023

Ernst & Young AB

Andreas Mast
Authorized Public Accountant